Türkiye Garanti Bankası Anonim Şirketi
and Its Financial Subsidiaries

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

as of and for the Six-Month Period Ended

30 June 2022

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

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Convenience Translation of the Auditor's Limited Review Report Originally Issued in Turkish (See Note I in Section Three)

Independent Auditors' Report on Review of Consolidated Interim Financial Information

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

Introduction

We have reviewed the consolidated statement of financial position of Türkiye Garanti Bankası A.Ş. ("the Bank") and its subsidiaries (together will be referred as "the Group"), at June 30,2022 and the related consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in shareholders' equity, consolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the consolidated financial statements for the six month period then ended. The Bank Management is responsible for the preparation and fair presentation of interim financial statements in accordance with the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated November 1, 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency ("BRSA") and circulars and interpretations published by Banking Regulation and Supervision Authority ("BRSA") and Turkish Accounting Standard ("TAS") 34 "Interim Financial Reporting" for those matters not regulated by BRSA Legislation (together referred as "BRSA Accounting and Financial Reporting Legislation"). Our responsibility is to express a conclusion on these 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 II.9.4, the accompanying consolidated financial statements as at June 30, 2022 include a free provision at an amount of TL 7,500,000 thousands which was provided in prior years by the Group 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".

Qualified Conclusion

Based on our review, except for the effect of the matter referred in the basis of qualified conclusion paragraph on the consolidated financial statements, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not give a true view of the financial position of the Group at June 30,2022 and of the results of its consolidated operations and its consolidated cash flows for the six month period then ended in all aspects in accordance with the BRSA Accounting and Financial Reporting Legislation.

Other matter

The consolidated financial statements of the Group as at December 31, 2021 and June 30, 2021 which were prepared in accordance with “BRSA Accounting Financial Reporting Legislation” were audited and reviewed by another audit firm respectively. Audit firm expressed a qualified opinion in their reports issued on February 2, 2022 since the consolidated financial statements which included in their reports include a free provision at an amount of TL 7,500,000 thousands out of which TL 4,650,000 thousands was provided in prior years and TL 2,850,000 thousands provided in 2021 by the Group management as of December 31, 2021. Also Audit firm expressed a qualified conclusion in their reports issued on July 29, 2021 due to the free provision at an amount of TL 5,600,000 thousands out of which TL 4,650,000 thousands provided in the prior years and TL 950,000 thousands provided in 2021 as of June 30, 2021 for the possible effects of the negative circumstances which may arise from the possible changes in the economy and market conditions.

Report on other regulatory requirements arising from legislation

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

Additional paragraph for convenience translation to English

As explained in detail in Note I of Section Three, there are differences between accounting principles and standards set out by regulations in conformity with BRSA Accounting and Financial Reporting Legislation and the accounting principles generally accepted in countries, in which the accompanying consolidated financial statements are to be distributed and International Financial Reporting Standards (“IFRS”), including non application of IAS 29 Financial Reporting in Hyperinflation Economies. The effect of such differences has not been quantified in the accompanying consolidated financial statements. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

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

Damla Harman, SMMM
Partner

July 28, 2022
İstanbul, Türkiye

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

TÜRKİYE GARANTİ BANKASI ANONİM ŞİRKETİ AND ITS FINANCIAL SUBSIDIARIES CONSOLIDATED FINANCIAL REPORT AS OF AND FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

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

1. General Information about Parent Bank
2. Consolidated Financial Statements of Parent Bank
3. Accounting Policies
4. Consolidated Financial Position and Results of Operations, and Risk Management Applications of Group
5. Disclosures and Footnotes on Consolidated Financial Statements
6. Limited Review Report
7. Interim Activity Report

The consolidated subsidiaries and structured entities in the scope of this consolidated financial report are the followings:

Subsidiaries

1. Garanti Bank International NV
2. Garanti Emeklilik ve Hayat AŞ
3. Garanti Holding BV
4. Garanti Finansal Kiralama AŞ
5. Garanti Faktoring AŞ
6. Garanti Yatırım Menkul Kıymetler AŞ
7. Garanti Portföy Yönetimi AŞ
8. Garanti Ödeme Sistemleri AŞ

Structured Entities

1. Garanti Diversified Payment Rights Finance Company
2. RPV Company

The consolidated financial statements for the six-month period ended 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	**Recep Baştuğ**	**Aydın Güler**	**Hakan Özdemir**
Board of Directors Chairman	General Manager	Executive Vice President Responsible of Financial Reporting	Financial Reporting and Accounting Director

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

The authorized contact person for questions on this financial report:

Name-Surname/Title: Handan SAYGIN/Director of Investor Relations
Phone no: 90 212 318 23 50
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SECTION ONE

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Consolidated Financial Statements

SECTION THREE

Accounting Policies

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Consolidated Financial Position and Results of Operations and Risk Management

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Limited Review Report

SECTION SEVEN

Interim Activity Report

1 General Information

1.1 History of Parent 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 849 domestic branches, 8 foreign branches and 1 representative offices (31 December 2021: 863 domestic branches, 8 foreign branches and 1 representative offices). The Bank's head office is located in Istanbul.

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

As of 30 June 2022, 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 agreement 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 82.9 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.

(Thousands of Turkish Lira (TL))

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 111 thousand employees.

1.3 Information on Parent Bank's Board of Directors chairman and members, audit committee members, chief executive officer, executive vice presidents and their responsibilities and, if any, 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	41 years
Jorge Saenz Azcunaga Carranza	Vice Chairman Independent Member and Member of Audit Committee	24.03.2016	University	29 years
Recep Baştuğ	Member and CEO	06.09.2019	University	32 years
Sait Ergun Özen	Member	14.05.2003	University	35 years
Dr. Muammer Cüneyt Sezgin	Member	30.06.2004	PhD	34 years
Jaime Saenz de Tejada Pulido	Member	02.10.2014	University	30 years
Pablo Alfonso Pastor Munoz	Member	31.03.2021	Master	33 years
Rafael Salinas Martinez de Lecea	Member	08.05.2017	Master	31 years
Belkıs Sema Yurdum	Independent Member and Member of Audit Committee	30.04.2013	University	42 years
Avni Aydın Düren	Independent Member and Member of Audit Committee	17.06.2020	Master	31 years
Mevhibe Canan Özsoy	Independent Member	04.04.2019	Master	31 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	32 years
İlker Kuruöz	EVP-Engineering Services and Data	14.03.2018	Master	30 years
Mahmut Akten	EVP-Corporate, Investment Banking and Global Markets	17.01.2017	Master	23 years
Işıl Akdemir Evlioğlu	EVP- Client Solutions	01.03.2020	Master	19 years
Cemal Onaran	EVP-Commercial Banking	17.01.2017	University	31 years
Didem Başer	EVP- Talent and Culture	01.03.2020	Master	27 years
Aydın Güler	EVP- Finance and Treasury	03.02.2016	University	32 years
Murat Atay	Head of Credit Risk Management	01.01.2021	PhD	28 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	24 years

(*) Ebru Edin, who was the Executive Vice President of Corporate, Investment Banking and Global Markets, resigned from her position as of 1 June 2022. She was replaced by Mahmut Akten for Executive Vice President of Corporate, Investment Banking and Global Markets. As of 6 June 2022, Ceren Acer Kezik has been appointed as the Executive Vice President of Retail Banking, and Murat Çağrı Süzer has been appointed as the Executive Vice President of Payment Systems and Partnership.

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

1.4 Information on Parent Bank's qualified shareholders

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 Parent 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 Information on application differences between consolidation practices as per the Regulation on Preparation of Consolidated Financial Statements of Banks and as per the Turkish Accounting Standards, and entities subject to full or proportional consolidation or deducted from equity or not subject to any of these three methods

As per the Regulation on Preparation of Consolidated Financial Statements of Banks, the investments in financial subsidiaries are subject to consolidation whereas as per the Turkish Accounting Standards and Turkish Financial Reporting Standards, the investments in both financial and non-financial subsidiaries are subject to consolidation.

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

None.

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Subsidiaries
Consolidated Balance Sheet (Statement of Financial Position)
At 30 June 2022

	ASSETS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
			CURRENT PERIOD 30 June 2022			PRIOR PERIOD 31 December 2021		
			TL	FC	Total	TL	FC	Total
I.	**FINANCIAL ASSETS (Net)**		**112,280,495**	**242,415,586**	**354,696,081**	**98,162,520**	**200,010,644**	**298,173,164**
1.1	**Cash and Cash Equivalents**	**5.1.1**	**45,402,372**	**210,971,516**	**256,373,888**	**45,329,506**	**171,468,258**	**216,797,764**
1.1.1	Cash and Balances with Central Bank		44,380,004	104,956,164	149,336,168	13,530,186	110,393,448	123,923,634
1.1.2	Banks		1,092,810	82,765,914	83,858,724	1,350,620	57,852,923	59,203,543
1.1.3	Money Market Placements		43,026	23,515,385	23,558,411	30,560,571	3,347,068	33,907,639
1.1.4	Expected Credit Losses (-)		113,468	265,947	379,415	111,871	125,181	237,052
1.2	**Financial Assets Measured at Fair Value through Profit/Loss (FVTPL)**	**5.1.2**	**2,721,125**	**1,606,432**	**4,327,557**	**2,051,069**	**5,787,964**	**7,839,033**
1.2.1	Government Securities		531,110	906,166	1,437,276	1,022,981	726,919	1,749,900
1.2.2	Equity Securities		2,174,643	91,144	2,265,787	1,027,247	99,701	1,126,948
1.2.3	Other Financial Assets		15,372	609,122	624,494	841	4,961,344	4,962,185
1.3	**Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)**	**5.1.3**	**56,488,601**	**24,846,668**	**81,335,269**	**35,483,531**	**20,262,767**	**55,746,298**
1.3.1	Government Securities		56,412,169	11,670,543	68,082,712	35,412,880	9,237,062	44,649,942
1.3.2	Equity Securities		76,432	518,011	594,443	70,651	450,549	521,200
1.3.3	Other Financial Assets		-	12,658,114	12,658,114	-	10,575,156	10,575,156
1.4	**Derivative Financial Assets**	**5.1.4**	**7,668,397**	**4,990,970**	**12,659,367**	**15,298,414**	**2,491,655**	**17,790,069**
1.4.1	Derivative Financial Assets Measured at FVTPL		7,164,872	4,343,500	11,508,372	14,512,822	2,391,774	16,904,596
1.4.2	Derivative Financial Assets Measured at FVOCI		503,525	647,470	1,150,995	785,592	99,881	885,473
II.	**FINANCIAL ASSETS MEASURED AT AMORTIZED COST (Net)**		**401,246,889**	**289,746,582**	**690,993,471**	**291,012,949**	**229,117,373**	**520,130,322**
2.1	**Loans**	**5.1.5**	**376,793,339**	**256,963,581**	**633,756,920**	**272,256,354**	**220,333,364**	**492,589,718**
2.2	**Lease Receivables**	**5.1.6**	**4,079,791**	**11,813,559**	**15,893,350**	**2,926,250**	**9,730,034**	**12,656,284**
2.3	**Factoring Receivables**	**5.1.7**	**3,503,197**	**1,191,133**	**4,694,330**	**2,887,843**	**1,328,757**	**4,216,600**
2.4	**Other Financial Assets Measured at Amortised Cost**	**5.1.8**	**33,565,331**	**37,912,630**	**71,477,961**	**22,864,252**	**17,302,795**	**40,167,047**
2.4.1	Government Securities		33,532,389	37,823,065	71,355,454	22,830,183	17,247,652	40,077,835
2.4.2	Other Financial Assets		32,942	89,565	122,507	34,069	55,143	89,212
2.5	**Expected Credit Losses (-)**		**16,694,769**	**18,134,321**	**34,829,090**	**9,921,750**	**19,577,577**	**29,499,327**
III.	**ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)**	**5.1.9**	**497,761**	**13,154**	**510,915**	**568,861**	**17,087**	**585,948**
3.1	Asset Held for Resale		497,761	13,154	510,915	568,861	17,087	585,948
3.2	Assets of Discontinued Operations		-	-	-	-	-	-
IV.	**INVESTMENTS IN ASSOCIATES,SUBSIDIARIES AND JOINT VENTURES**		**1,562,648**	**67,968**	**1,630,616**	**1,112,314**	**52,210**	**1,164,524**
4.1	**Associates (Net)**	**5.1.10**	**48,403**	**14**	**48,417**	**47,923**	**12**	**47,935**
4.1.1	Associates Consolidated Under Equity Accounting		-	-	-	-	-	-
4.1.2	Unconsolidated Associates		48,403	14	48,417	47,923	12	47,935
4.2	**Subsidiaries (Net)**	**5.1.11**	**1,514,245**	**67,954**	**1,582,199**	**1,064,391**	**52,198**	**1,116,589**
4.2.1	Unconsolidated Financial Investments in Subsidiaries		-	-	-	41,420	-	41,420
4.2.2	Unconsolidated Non-Financial Investments in Subsidiaries		1,514,245	67,954	1,582,199	1,022,971	52,198	1,075,169
4.3	**Joint Ventures (Net)**	**5.1.12**	**-**	**-**	**-**	**-**	**-**	**-**
4.3.1	Joint-Ventures Consolidated Under Equity Accounting		-	-	-	-	-	-
4.3.2	Unconsolidated Joint-Ventures		-	-	-	-	-	-
V.	**TANGIBLE ASSETS (Net)**	**5.1.13**	**6,913,671**	**849,548**	**7,763,219**	**5,359,199**	**747,121**	**6,106,320**
VI.	**INTANGIBLE ASSETS (Net)**	**5.1.14**	**941,953**	**122,739**	**1,064,692**	**848,468**	**115,182**	**963,650**
6.1	Goodwill		6,388	-	6,388	6,388	-	6,388
6.2	Others		935,565	122,739	1,058,304	842,080	115,182	957,262
VII.	**INVESTMENT PROPERTY (Net)**	**5.1.15**	**1,284,079**	**-**	**1,284,079**	**652,633**	**-**	**652,633**
VIII.	**CURRENT TAX ASSET**		**-**	**22,528**	**22,528**	**-**	**30,727**	**30,727**
IX.	**DEFERRED TAX ASSET**	**5.1.16**	**6,277,265**	**151,565**	**6,428,830**	**4,405,432**	**37,859**	**4,443,291**
X.	**OTHER ASSETS (Net)**	**5.1.17**	**25,854,239**	**5,826,256**	**31,680,495**	**12,670,670**	**5,554,351**	**18,225,021**
	TOTAL ASSETS		**556,859,000**	**539,215,926**	**1,096,074,926**	**414,793,046**	**435,682,554**	**850,475,600**

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

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Subsidiaries
Consolidated Balance Sheet (Statement of Financial Position)
At 30 June 2022

	LIABILITIES AND SHAREHOLDERS' EQUITY	Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
			CURRENT PERIOD 30 June 2022			PRIOR PERIOD 31 December 2021		
			TL	FC	Total	TL	FC	Total
I.	**DEPOSITS**	**5.2.1**	**277,021,008**	**469,959,661**	**746,980,669**	**178,400,797**	**404,432,629**	**582,833,426**
II.	**FUNDS BORROWED**	**5.2.2**	**3,385,632**	**44,110,888**	**47,496,520**	**2,771,981**	**40,854,748**	**43,626,729**
III.	**MONEY MARKET FUNDS**	**5.2.3**	**28,172,439**	**6,606,232**	**34,778,671**	**9,119,851**	**6,822,938**	**15,942,789**
IV.	**SECURITIES ISSUED (NET)**	**5.2.4**	**1,789,502**	**24,851,447**	**26,640,949**	**5,671,907**	**19,972,964**	**25,644,871**
4.1	Bills		954,913	161,569	1,116,482	4,673,647	-	4,673,647
4.2	Asset Backed Securities		-	-	-	-	-	-
4.3	Bonds		834,589	24,689,878	25,524,467	998,260	19,972,964	20,971,224
V.	**FUNDS**		**-**	**-**	**-**	**-**	**-**	**-**
5.1	Borrowers' Funds		-	-	-	-	-	-
5.2	Others		-	-	-	-	-	-
VI.	**FINANCIAL LIABILITIES MEASURED AT FVTPL**	**5.2.5**	**-**	**25,300,921**	**25,300,921**	**-**	**24,183,368**	**24,183,368**
VII.	**DERIVATIVE FINANCIAL LIABILITIES**	**5.2.6**	**6,829,407**	**11,117,890**	**17,947,297**	**6,951,853**	**6,476,882**	**13,428,735**
7.1	Derivative Financial Liabilities Measured at FVTPL		6,820,637	11,095,586	17,916,223	6,910,642	6,137,677	13,048,319
7.2	Derivative Financial Liabilities Measured at FVOCI		8,770	22,304	31,074	41,211	339,205	380,416
VIII.	**FACTORING LIABILITIES**	**5.2.7**	**-**	**-**	**-**	**-**	**-**	**-**
IX.	**LEASE LIABILITIES (Net)**	**5.2.8**	**909,130**	**342,188**	**1,251,318**	**797,919**	**272,119**	**1,070,038**
X.	**PROVISIONS**	**5.2.9**	**5,877,595**	**10,640,458**	**16,518,053**	**5,226,738**	**9,493,285**	**14,720,023**
10.1	Restructuring Reserves		-	-	-	-	-	-
10.2	Reserve for Employee Benefits		2,048,378	161,532	2,209,910	1,841,079	176,824	2,017,903
10.3	Insurance Technical Provisions (Net)		1,137,876	593,775	1,731,651	1,002,438	359,409	1,361,847
10.4	Other Provisions		2,691,341	9,885,151	12,576,492	2,383,221	8,957,052	11,340,273
XI.	**CURRENT TAX LIABILITY**	**5.2.10**	**1,680,262**	**115,574**	**1,795,836**	**2,842,824**	**130,091**	**2,972,915**
XII.	**DEFERRED TAX LIABILITY**	**5.2.10**	**-**	**67,599**	**67,599**	**-**	**55,096**	**55,096**
XIII.	**LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)**	**5.2.11**	**-**	**-**	**-**	**-**	**-**	**-**
13.1	Asset Held for Sale		-	-	-	-	-	-
13.2	Assets of Discontinued Operations		-	-	-	-	-	-
XIV.	**SUBORDINATED DEBTS**	**5.2.12**	**1,027,633**	**12,510,984**	**13,538,617**	**1,030,662**	**9,880,843**	**10,911,505**
14.1	Borrowings		-	-	-	-	-	-
14.2	Other Debt Instruments		1,027,633	12,510,984	13,538,617	1,030,662	9,880,843	10,911,505
XV.	**OTHER LIABILITIES**	**5.2.13**	**41,672,808**	**9,997,628**	**51,670,436**	**29,419,434**	**5,365,816**	**34,785,250**
XVI.	**SHAREHOLDERS' EQUITY**	**5.2.14**	**112,940,860**	**(852,820)**	**112,088,040**	**80,399,488**	**(98,633)**	**80,300,855**
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		2,827,016	180,735	3,007,751	1,661,446	190,809	1,852,255
16.4	Other Comprehensive Income/Expense Items to be Recycled to Profit or Loss		19,422,637	(1,566,311)	17,856,326	7,941,856	(750,153)	7,191,703
16.5	Profit Reserves		63,161,721	532,756	63,694,477	51,476,644	460,711	51,937,355
16.5.1	Legal Reserves		1,854,126	217,665	2,071,791	1,648,175	186,676	1,834,851
16.5.2	Status Reserves		-	-	-	-	-	-
16.5.3	Extraordinary Reserves		61,203,330	-	61,203,330	49,559,538	-	49,559,538
16.5.4	Other Profit Reserves		104,265	315,091	419,356	268,931	274,035	542,966
16.6	Profit/Loss		22,190,703	-	22,190,703	14,015,592	-	14,015,592
16.6.1	Prior Periods' Profit/Loss		1,105,802	-	1,105,802	548,851	-	548,851
16.6.2	Current Period's Net Profit/Loss		21,084,901	-	21,084,901	13,466,741	-	13,466,741
16.7	Minority Interest		354,349	-	354,349	319,516	-	319,516
	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**481,306,276**	**614,768,650**	**1,096,074,926**	**322,633,454**	**527,842,146**	**850,475,600**

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

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Subsidiaries

Consolidated Off-Balance Sheet Items

At 30 June 2022

		Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
			CURRENT PERIOD 30 June 2022			PRIOR PERIOD 31 December 2021		
			TL	FC	Total	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)			**469,524,007**	**767,075,245**	**1,236,599,252**	**351,725,728**	**647,893,921**	**999,619,649**
I.	**GUARANTEES AND SURETIES**	**5.3.1**	**67,301,457**	**117,290,572**	**184,592,029**	**44,306,497**	**90,152,277**	**134,458,774**
1.1	Letters of guarantee		65,531,514	74,372,487	139,904,001	44,007,746	60,356,900	104,364,646
1.1.1	Guarantees subject to State Tender Law		-	2,597,376	2,597,376	-	2,359,247	2,359,247
1.1.2	Guarantees given for foreign trade operations		3,547,999	1,944,179	5,492,178	3,089,307	1,586,208	4,675,515
1.1.3	Other letters of guarantee		61,983,515	69,830,932	131,814,447	40,918,439	56,411,445	97,329,884
1.2	Bank acceptances		244,879	3,358,905	3,603,784	65,766	2,685,971	2,751,737
1.2.1	Import letter of acceptance		244,879	3,358,905	3,603,784	65,766	2,685,971	2,751,737
1.2.2	Other bank acceptances		-	-	-	-	-	-
1.3	Letters of credit		227,864	38,739,461	38,967,325	160,485	25,794,163	25,954,648
1.3.1	Documentary letters of credit		-	-	-	-	-	-
1.3.2	Other letters of credit		227,864	38,739,461	38,967,325	160,485	25,794,163	25,954,648
1.4	Guaranteed prefinancings		-	-	-	-	-	-
1.5	Endorsements		1,297,200	530,138	1,827,338	72,500	1,056,461	1,128,961
1.5.1	Endorsements to the Central Bank of Turkey		1,297,200	530,138	1,827,338	72,500	1,056,461	1,128,961
1.5.2	Other endorsements		-	-	-	-	-	-
1.6	Underwriting commitments		-	-	-	-	-	-
1.7	Factoring related guarantees		-	-	-	-	-	-
1.8	Other guarantees		-	289,581	289,581	-	258,782	258,782
1.9	Other sureties		-	-	-	-	-	-
II.	**COMMITMENTS**	**5.3.1**	**137,379,407**	**72,303,811**	**209,683,218**	**102,485,489**	**37,588,748**	**140,074,237**
2.1	Irrevocable commitments		134,778,954	62,634,942	197,413,896	100,896,376	19,144,862	120,041,238
2.1.1	Asset purchase and sale commitments		3,108,405	56,795,846	59,904,251	5,160,834	14,950,271	20,111,105
2.1.2	Deposit purchase and sale commitments		-	-	-	-	-	-
2.1.3	Share capital commitments to associates and subsidiaries		-	5,316	5,316	-	4,560	4,560
2.1.4	Loan granting commitments		46,289,892	3,745,386	50,035,278	30,051,943	2,367,061	32,419,004
2.1.5	Securities issuance brokerage commitments		-	-	-	-	-	-
2.1.6	Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7	Commitments for cheque payments		5,295,944	-	5,295,944	3,956,330	-	3,956,330
2.1.8	Tax and fund obligations on export commitments		157,114	-	157,114	116,784	-	116,784
2.1.9	Commitments for credit card limits		79,925,026	2,088,394	82,013,420	61,609,289	1,822,970	63,432,259
2.1.10	Commitments for credit cards and banking services related promotions		2,573	-	2,573	1,196	-	1,196
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		-	-	-	-	-	-
2.2	Revocable commitments		2,600,453	9,668,869	12,269,322	1,589,113	18,443,886	20,032,999
2.2.1	Revocable loan granting commitments		533,415	6,893,533	7,426,948	557,330	16,363,918	16,921,248
2.2.2	Other revocable commitments		2,067,038	2,775,336	4,842,374	1,031,783	2,079,968	3,111,751
III.	**DERIVATIVE FINANCIAL INSTRUMENTS**	**5.3.2**	**264,843,143**	**577,480,862**	**842,324,005**	**204,933,742**	**520,152,896**	**725,086,638**
3.1	Derivative financial instruments held for risk management		7,292,183	56,929,635	64,221,818	10,157,293	65,472,706	75,629,999
3.1.1	Fair value hedges		-	14,965,533	14,965,533	400,000	10,961,095	11,361,095
3.1.2	Cash flow hedges		7,292,183	41,964,102	49,256,285	9,757,293	54,511,611	64,268,904
3.1.3	Net foreign investment hedges		-	-	-	-	-	-
3.2	Trading derivatives		257,550,960	520,551,227	778,102,187	194,776,449	454,680,190	649,456,639
3.2.1	Forward foreign currency purchases/sales		19,445,080	30,869,939	50,315,019	13,352,362	19,688,268	33,040,630
3.2.1.1	Forward foreign currency purchases		15,440,706	9,872,616	25,313,322	9,734,071	6,429,241	16,163,312
3.2.1.2	Forward foreign currency sales		4,004,374	20,997,323	25,001,697	3,618,291	13,259,027	16,877,318
3.2.2	Currency and interest rate swaps		220,743,422	384,402,541	605,145,963	164,715,512	341,701,557	506,417,069
3.2.2.1	Currency swaps-purchases		4,882,740	154,504,651	159,387,391	3,971,126	148,821,859	152,792,985
3.2.2.2	Currency swaps-sales		104,922,000	67,709,104	172,631,104	106,149,390	50,271,988	156,421,378
3.2.2.3	Interest rate swaps-purchases		55,469,341	81,094,393	136,563,734	27,297,498	71,303,855	98,601,353
3.2.2.4	Interest rate swaps-sales		55,469,341	81,094,393	136,563,734	27,297,498	71,303,855	98,601,353
3.2.3	Currency, interest rate and security options		13,970,750	19,520,474	33,491,224	14,159,657	20,726,981	34,886,638
3.2.3.1	Currency call options		6,264,704	6,567,699	12,832,403	4,417,926	6,898,987	11,316,913
3.2.3.2	Currency put options		7,519,702	7,761,647	15,281,349	7,866,882	6,448,093	14,314,975
3.2.3.3	Interest rate call options		-	3,322,475	3,322,475	-	4,982,841	4,982,841
3.2.3.4	Interest rate put options		-	1,868,653	1,868,653	-	2,190,191	2,190,191
3.2.3.5	Security call options		151,494	-	151,494	1,267,078	-	1,267,078
3.2.3.6	Security put options		34,850	-	34,850	607,771	206,869	814,640
3.2.4	Currency futures		2,294,770	2,099,715	4,394,485	1,306,794	1,277,838	2,584,632
3.2.4.1	Currency futures-purchases		1,341,061	901,638	2,242,699	992,048	301,139	1,293,187
3.2.4.2	Currency futures-sales		953,709	1,198,077	2,151,786	314,746	976,699	1,291,445
3.2.5	Interest rate futures		-	49,677	49,677	-	157,116	157,116
3.2.5.1	Interest rate futures-purchases		-	-	-	-	-	-
3.2.5.2	Interest rate futures-sales		-	49,677	49,677	-	157,116	157,116
3.2.6	Others		1,096,938	83,608,881	84,705,819	1,242,124	71,128,430	72,370,554
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)			**1,350,519,261**	**2,671,783,758**	**4,022,303,019**	**1,093,978,634**	**2,083,443,828**	**3,177,422,462**
IV.	**ITEMS HELD IN CUSTODY**		**142,721,725**	**146,727,080**	**289,448,805**	**114,179,952**	**108,260,211**	**222,440,163**
4.1	Customers' securities held		83,815,022	-	83,815,022	64,677,619	-	64,677,619
4.2	Investment securities held in custody		19,449,640	58,748,513	78,198,153	18,343,337	37,995,927	56,339,264
4.3	Checks received for collection		34,448,079	16,264,297	50,712,376	27,326,791	13,620,060	40,946,851
4.4	Commercial notes received for collection		4,331,071	2,686,681	7,017,752	3,429,128	1,815,204	5,244,332
4.5	Other assets received for collection		385,736	59,293,987	59,679,723	275,296	47,257,187	47,532,483
4.6	Assets received through public offering		-	402,053	402,053	-	319,790	319,790
4.7	Other items under custody		292,177	9,331,549	9,623,726	127,781	7,252,043	7,379,824
4.8	Custodians		-	-	-	-	-	-
V.	**PLEDGED ITEMS**		**1,207,797,536**	**2,525,056,678**	**3,732,854,214**	**979,798,682**	**1,975,183,617**	**2,954,982,299**
5.1	Securities		15,229,300	10,517,767	25,747,067	8,838,322	6,124,816	14,963,138
5.2	Guarantee notes		22,821,050	46,750,313	69,571,363	22,910,852	35,928,645	58,839,497
5.3	Commodities		193,969	-	193,969	441,462	-	441,462
5.4	Warranties		-	1,277,624	1,277,624	-	925,896	925,896
5.5	Real estates		264,691,223	406,139,019	670,830,242	221,127,430	334,187,401	555,314,831
5.6	Other pledged items		904,861,994	2,060,371,704	2,965,233,698	726,480,616	1,598,016,644	2,324,497,260
5.7	Pledged items-depository		-	251	251	-	215	215
VI.	**CONFIRMED BILLS OF EXCHANGE AND SURETIES**		-	-	-	-	-	-
	TOTAL OFF-BALANCE SHEET ITEMS (A+B)		**1,820,043,268**	**3,438,859,003**	**5,258,902,271**	**1,445,704,362**	**2,731,337,749**	**4,177,042,111**

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

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Subsidiaries
Consolidated Statement of Profit or Loss
At 30 June 2022

	INCOME AND EXPENSE ITEMS	Footnotes	THOUSANDS OF TURKISH LIRA (TL) CURRENT PERIOD 1 January 2022- 30 June 2022	PRIOR PERIOD 1 January 2021- 30 June 2021	CURRENT PERIOD 1 April 2022- 30 June 2022	PRIOR PERIOD 1 April 2021- 30 June 2021
I.	**INTEREST INCOME**	**5.4.1**	**48,418,679**	**25,480,200**	**26,325,478**	**13,581,977**
1.1	Interest income on loans		34,965,741	19,893,323	19,492,123	10,505,518
1.2	Interest income on reserve deposits		284,070	343,887	41,449	215,634
1.3	Interest income on banks		154,524	106,973	100,609	50,414
1.4	Interest income on money market transactions		1,697,113	606,813	684,817	378,216
1.5	Interest income on securities portfolio		10,389,678	3,970,120	5,495,781	2,144,446
1.5.1	Financial assets measured at FVTPL		108,461	63,841	18,152	33,079
1.5.2	Financial assets measured at FVOCI		5,522,725	2,041,377	2,774,613	1,134,300
1.5.3	Financial assets measured at amortised cost		4,758,492	1,864,902	2,703,016	977,067
1.6	Financial lease income		644,563	315,716	357,545	170,631
1.7	Other interest income		282,990	243,368	153,154	117,118
II.	**INTEREST EXPENSE (-)**	**5.4.2**	**17,438,064**	**11,014,139**	**9,588,696**	**5,960,619**
2.1	Interest on deposits		13,718,492	8,901,536	7,521,913	4,885,410
2.2	Interest on funds borrowed		1,114,418	523,968	593,059	263,365
2.3	Interest on money market transactions		378,861	220,913	258,279	163,485
2.4	Interest on securities issued		1,500,425	1,270,325	817,008	590,347
2.5	Lease interest expense		80,734	57,317	42,371	30,395
2.6	Other interest expenses		645,134	40,080	356,066	27,617
III.	**NET INTEREST INCOME (I - II)**		**30,980,615**	**14,466,061**	**16,736,782**	**7,621,358**
IV.	**NET FEES AND COMMISSIONS INCOME/EXPENSES**	**5.4.12**	**7,087,881**	**4,230,328**	**3,881,838**	**2,163,109**
4.1	Fees and commissions received		9,962,620	5,466,715	5,585,357	2,849,186
4.1.1	Non-cash loans		825,086	499,030	450,065	269,845
4.1.2	Others		9,137,534	4,967,685	5,135,292	2,579,341
4.2	Fees and commissions paid (-)		2,874,739	1,236,387	1,703,519	686,077
4.2.1	Non-cash loans		35,314	14,576	19,812	7,868
4.2.2	Others		2,839,425	1,221,811	1,683,707	678,209
V.	**DIVIDEND INCOME**	**5.4.3**	**62,685**	**21,276**	**48,636**	**18,061**
VI.	**NET TRADING INCOME/LOSSES (Net)**	**5.4.4**	**5,935,748**	**(950,578)**	**3,542,192**	**(1,196,949)**
6.1	Trading account income/losses		4,508,617	655,408	3,292,414	(469,735)
6.2	Income/losses from derivative financial instruments		(19,123,930)	(985,682)	(5,458,176)	(5,802,837)
6.3	Foreign exchange gains/losses		20,551,061	(620,304)	5,707,954	5,075,623
VII.	**OTHER OPERATING INCOME**	**5.4.5**	**9,373,061**	**5,899,730**	**4,605,656**	**2,277,675**
VIII.	**TOTAL OPERATING PROFIT (III+IV+V+VI+VII)**		**53,439,990**	**23,666,817**	**28,815,104**	**10,883,254**
IX.	**EXPECTED CREDIT LOSSES (-)**	**5.4.6**	**13,382,139**	**8,145,978**	**6,231,208**	**2,830,084**
X.	**OTHER PROVISIONS (-)**	**5.4.6**	**2,189,856**	**2,120,421**	**1,060,156**	**1,145,567**
XI.	**PERSONNEL EXPENSES (-)**		**4,312,436**	**2,567,182**	**2,289,385**	**1,346,312**
XII.	**OTHER OPERATING EXPENSES (-)**	**5.4.7**	**6,745,700**	**4,061,565**	**3,483,228**	**2,003,099**
XIII.	**NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)**		**26,809,859**	**6,771,671**	**15,751,127**	**3,558,192**
XIV.	**INCOME RESULTED FROM MERGERS**		**-**	**-**	**-**	**-**
XV.	**INCOME/LOSS FROM INVESTMENTS UNDER EQUITY**		**486,457**	**305,422**	**215,634**	**152,277**
XVI.	**GAIN/LOSS ON NET MONETARY POSITION**		**-**	**-**	**-**	**-**
XVII.	**PROFIT/LOSS BEFORE TAXES (XIII+...+XVI)**	**5.4.8**	**27,296,316**	**7,077,093**	**15,966,761**	**3,710,469**
XVIII.	**PROVISION FOR TAXES (±)**	**5.4.9**	**6,115,293**	**1,356,522**	**3,048,352**	**687,374**
18.1	Current tax charge		7,593,236	1,509,969	(53,590)	1,328,572
18.2	Deferred tax charge (+)		4,137,095	1,009,098	3,711,525	(662,099)
18.3	Deferred tax credit (-)		(5,615,038)	(1,162,545)	(609,583)	20,901
XIX.	**NET OPERATING PROFIT/LOSS AFTER TAXES (XVII±XVIII)**	**5.4.10**	**21,181,023**	**5,720,571**	**12,918,409**	**3,023,095**
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 OPERAT**	**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 OPER**	**5.4.10**	**-**	**-**	**-**	**-**
XXV.	**NET PROFIT/LOSS (XIX+XXIV)**	**5.4.11**	**21,181,023**	**5,720,571**	**12,918,409**	**3,023,095**
25.1	Equity holders of the bank		21,084,901	5,661,205	12,869,219	2,995,374
25.2	Minority interest		96,122	59,366	49,190	27,721
	Earnings per Share		**0.05020**	**0.01348**	**0.03064**	**0.00713**

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

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Subsidiaries

Consolidated Statement of Profit or Loss and Other Comprehensive Income

At 30 June 2022

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		THOUSANDS OF TURKISH LIRA (TL)	
		CURRENT PERIOD 1 January 2021 - 30 June 2022	**PRIOR PERIOD 1 January 2021 - 30 June 2021**
I.	**CURRENT PERIOD PROFIT/LOSS**	**21,181,023**	**5,720,571**
II.	**OTHER COMPREHENSIVE INCOME**	**11,902,511**	**475,525**
2.1	**Other Income/Expense Items not to be Recycled to Profit or Loss**	**1,238,831**	**65,553**
2.1.1	Revaluation Surplus on Tangible Assets	1,412,878	7,941
2.1.2	Revaluation Surplus on Intangible Assets	-	-
2.1.3	Defined Benefit Plans' Actuarial Gains/Losses	194	-
2.1.4	Other Income/Expense Items not to be Recycled to Profit or Loss	67,073	58,090
2.1.5	Deferred Taxes on Other Comprehensive Income not to be Recycled to Profit or Loss	(241,314)	(478)
2.2	**Other Income/Expense Items to be Recycled to Profit or Loss**	**10,663,680**	**409,972**
2.2.1	Translation Differences	2,468,417	1,032,301
2.2.2	Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at FVOCI	11,103,386	(565,226)
2.2.3	Gains/losses from Cash Flow Hedges	884,360	278,637
2.2.4	Gains/Losses on Hedges of Net Investments in Foreign Operations	(1,193,846)	(504,337)
2.2.5	Other Income/Expense Items to be Recycled to Profit or Loss	-	-
2.2.6	Deferred Taxes on Other Comprehensive Income to be Recycled to Profit or Loss	(2,598,637)	168,597
III.	**TOTAL COMPREHENSIVE INCOME (I+II)**	**33,083,534**	**6,196,096**

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

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Subsidiaries
Consolidated Statement of Changes in Shareholders' Equity
At 30 June 2022

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Footnotes	THOUSANDS OF TURKISH LIRA (TL)															
						Other Comprehensive Income/Expense Items not to be Recycled to Profit or Loss			Other Comprehensive Income/Expense Items to be Recycled to Profit or Loss								
		Paid-in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves	Revaluation surplus on tangible and intangible assets	Defined Benefit Plans' Actuarial Gains/Losses	Others	Foreign Currency Translation Differences	Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at FVOCI	Others	Profit Reserves	Prior Periods' Profit/Loss	Current Period's Net Profit/Loss	Shareholders' Equity Before Minority Interest	Minority Interest	Total Shareholders' Equity
PRIOR PERIOD (01/01/2021-30/06/2021)																	
I. Balances at Beginning of Period		**4,200,000**	**11,880**	**-**	**772,554**	**1,948,436**	**(302,744)**	**66,879**	**5,190,254**	**240,292**	**(2,349,276)**	**45,869,743**	**6,513,366**	**-**	**62,161,384**	**247,679**	**62,409,063**
II. Correction made as per TAS 8		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(132)**	**-**	**(100,924)**	**-**	**535,568**	**-**	**434,512**	**-**	**434,512**
2.1. Effect of Corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2. Effect of Changes in Accounting Policies		-	-	-	-	-	-	-	(132)	-	(100,924)	-	535,568	-	434,512	-	434,512
III. Adjusted Balances at Beginning of Period (I+II)	5.5	**4,200,000**	**11,880**	**-**	**772,554**	**1,948,436**	**(302,744)**	**66,879**	**5,190,122**	**240,292**	**(2,450,200)**	**45,869,743**	**7,048,934**	**-**	**62,595,896**	**247,679**	**62,843,575**
IV. Total Comprehensive Income		**-**	**-**	**-**	**-**	**(4,623)**	**-**	**56,893**	**1,032,301**	**(552,290)**	**(68,985)**	**208,276**	**(194,993)**	**5,661,205**	**6,137,784**	**58,312**	**6,196,096**
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		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**31,282**	**-**	**-**	**31,282**	**-**	**31,282**
XI. Profit Distribution		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**5,681,290**	**(6,305,090)**	**-**	**(623,800)**	**(47,130)**	**(670,930)**
11.1 Dividends		-	-	-	-	-	-	-	-	-	-	-	(623,800)	-	(623,800)	(47,130)	(670,930)
11.2 Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	5,646,085	(5,646,085)	-	-	-	-
11.3 Others		-	-	-	-	-	-	-	-	-	-	35,205	(35,205)	-	-	-	-
Balances at end of the period (III+IV+…+X+XI)		**4,200,000**	**11,880**	**-**	**772,554**	**1,943,813**	**(302,744)**	**123,772**	**6,222,423**	**(311,998)**	**(2,519,185)**	**51,790,591**	**548,851**	**5,661,205**	**68,141,162**	**258,861**	**68,400,023**
CURRENT PERIOD (01/01/2022-30/06/2022)																	
I. Balances at Beginning of Period		**4,200,000**	**11,880**	**-**	**772,554**	**2,013,061**	**(420,279)**	**259,473**	**10,662,419**	**432,618**	**(3,903,334)**	**51,937,355**	**14,015,592**	**-**	**79,981,339**	**319,516**	**80,300,855**
II. Correction made as per TAS 8		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2.1. Effect of Corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2. Effect of Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted Balances at Beginning of Period (I+II)	5.5	**4,200,000**	**11,880**	**-**	**772,554**	**2,013,061**	**(420,279)**	**259,473**	**10,662,419**	**432,618**	**(3,903,334)**	**51,937,355**	**14,015,592**	**-**	**79,981,339**	**319,516**	**80,300,855**
IV. Total Comprehensive Income		**-**	**-**	**-**	**-**	**1,062,069**	**25,965**	**67,462**	**2,468,417**	**8,199,557**	**(3,351)**	**13,283**	**70,052**	**21,084,901**	**32,988,355**	**95,179**	**33,083,534**
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		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**71,328**	**-**	**-**	**71,328**	**-**	**71,328**
XI. Profit Distribution		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**11,672,511**	**(12,979,842)**	**-**	**(1,307,331)**	**(60,346)**	**(1,367,677)**
11.1 Dividends		-	-	-	-	-	-	-	-	-	-	-	(1,307,331)	-	(1,307,331)	(60,346)	(1,367,677)
11.2 Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	11,615,304	(11,615,304)	-	-	-	-
11.3 Others		-	-	-	-	-	-	-	-	-	-	57,207	(57,207)	-	-	-	-
Balances at end of the period (III+IV+…+X+XI)		**4,200,000**	**11,880**	**-**	**772,554**	**3,075,130**	**(394,314)**	**326,935**	**13,130,836**	**8,632,175**	**(3,906,685)**	**63,694,477**	**1,105,802**	**21,084,901**	**111,733,691**	**354,349**	**112,088,040**

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Subsidiaries
Consolidated Statement of Cash Flows
At 30 June 2022

	STATEMENT OF CASH FLOWS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)	
			CURRENT PERIOD 1 January 2022- 30 June 2022	PRIOR PERIOD 1 January 2021 - 30 June 2021
A.	**CASH FLOWS FROM BANKING OPERATIONS**			
1.1	**Operating profit before changes in operating assets and liabilities**	**5.6**	**25,287,763**	**5,651,951**
1.1.1	Interests received		46,132,666	22,498,586
1.1.2	Interests paid		(8,696,797)	(10,560,586)
1.1.3	Dividend received		62,685	21,276
1.1.4	Fees and commissions received		9,962,620	5,466,715
1.1.5	Other income		9,373,061	5,899,730
1.1.6	Collections from previously written-off receivables		523,111	373,877
1.1.7	Cash payments to personnel and service suppliers		(9,402,157)	(5,637,382)
1.1.8	Taxes paid		(12,123,291)	(2,089,155)
1.1.9	Others		(10,544,135)	(10,321,110)
1.2	**Changes in operating assets and liabilities**	**5.6**	**(3,163,113)**	**2,210,059**
1.2.1	Net (increase) decrease in financial assets measured at FVTPL		3,066,241	736,510
1.2.2	Net (increase) decrease in due from banks		(31,239,857)	(585,898)
1.2.3	Net (increase) decrease in loans		(150,122,009)	(50,192,807)
1.2.4	Net (increase) decrease in other assets		(6,293,012)	(1,656,410)
1.2.5	Net increase (decrease) in bank deposits		7,539,150	590,192
1.2.6	Net increase (decrease) in other deposits		146,483,518	52,279,523
1.2.7	Net increase (decrease) in financial liabilities measured at FVTPL		-	-
1.2.8	Net increase (decrease) in funds borrowed		11,998,188	(3,155,060)
1.2.9	Net increase (decrease) in matured payables		-	-
1.2.10	Net increase (decrease) in other liabilities		15,404,668	4,194,009
I.	**Net cash flow from banking operations**	**5.6**	**22,124,650**	**7,862,010**
B.	**CASH FLOWS FROM INVESTING ACTIVITIES**			
II.	**Net cash flow from investing activities**	**5.6**	**(33,483,788)**	**(1,691,531)**
2.1	Cash paid for purchase of associates, subsidiaries and joint-ventures		(10,000)	(1)
2.2	Cash obtained from sale of associates, subsidiaries and joint-ventures		-	-
2.3	Purchases of tangible assets		(1,226,042)	(420,553)
2.4	Sales of tangible assets		354,345	404,393
2.5	Cash paid for purchase of financial assets measured at FVOCI		(23,635,862)	(14,736,143)
2.6	Cash obtained from sale of financial assets measured at FVOCI		12,610,773	10,404,267
2.7	Cash paid for purchase of financial assets measured at amortised cost		(23,774,582)	(354,019)
2.8	Cash obtained from sale of financial assets measured at amortised cost		2,197,580	3,010,525
2.9	Others		-	-
C.	**CASH FLOWS FROM FINANCING ACTIVITIES**			
III.	**Net cash flow from financing activities**		**11,959,155**	**8,856,609**
3.1	Cash obtained from funds borrowed and securities issued		18,615,931	19,530,299
3.2	Cash used for repayment of funds borrowed and securities issued		(6,398,627)	(9,922,115)
3.3	Equity instruments issued		-	-
3.4	Dividends paid		-	(623,800)
3.5	Payments for leases		(258,149)	(127,775)
3.6	Others		-	-
IV.	**Effect of translation differences on cash and cash equivalents**	**5.6**	**7,889,218**	**3,132,502**
V.	**Net increase/(decrease) in cash and cash equivalents (I+II+III+IV)**	**5.6**	**8,489,235**	**18,159,590**
VI.	**Cash and cash equivalents at beginning of period**	**5.6**	**122,462,323**	**52,763,757**
VII.	**Cash and cash equivalents at end of period (V+VI)**	**5.6**	**130,951,558**	**70,923,347**

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

3 Accounting Policies

3.1 Basis of presentation

The Bank and its consolidated financial subsidiaries prepare their consolidated 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 consolidated financial statements are prepared in accordance with the historical cost basis except for financial assets and liabilities at fair value through profit or loss, financial assets measured at fair value through other comprehensive income and real estates which are presented on a fair value basis.

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 with 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 3.29.

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 2022 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.

In addition, the Interest Rate Benchmark Reform - Phase 2, which amends in TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16, effective from 1 January 2021, was published in December 2020. With the modifications made, certain exceptions are provided for the basis used in the determination of contractual cash flows and hedge accounting implementations. The effects of the changes on the Parent Bank's financials have been evaluated and it has been concluded that there is no material impact. On the other hand, Interest Rate Benchmark Reform process is ongoing for certain indicators and Parent Bank's studies continue within the scope of compliance with the changes.

3.1.2 Other

A new type of coronavirus (COVID-19), first emerging in China, has been classified by the World Health Organization as a pandemic affecting countries globally. The COVID-19 outbreak not only affects economic conditions both regionally and globally, as it causes disruptions in operations, especially in countries that are exposed to the epidemic. The effects of COVID-19 on Parent Bank's financial statements are regularly monitored by the risk units and Parent Bank's Management. While preparing the interim financial statements dated 30 June 2022, the Bank reflected the possible effects of the COVID-19 outbreak on the estimates and judgments used in the preparation of the financial statements.

TAS 29 Financial Reporting in Hyperinflation Economies requires entities whose functional currency is that of an 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 recommends all entities that report in the currency of the same hyperinflationary economy apply this Standard from the same date. In the announcement published by the Public Oversight Accounting and Auditing Standards Authority (POB) on January 20, 2022, it is stated that TAS 29 Financial Reporting in Hyperinflationary Economies does not apply to the TFRS financial statements as of December 31, 2021. Nevertheless, the Authority has not published any announcement on whether the entities would restate their financial statements for the accounting period ending on 30 June 2022 in accordance with TAS 29. In this context, since there is no consensus on the application of inflation accounting in TFRS financial statements throughout the country, and it is expected that POB will delay the application of TAS 29, financial statements as of June 30, 2022 are not adjusted for inflation in accordance with TAS 29 in order to ensure comparability.

The tension between Russia and Ukraine since January 2022 has turned into a crisis and an armed conflict as of the date of the report. Parent Bank does not carry out any activities in these two countries that are subject to the crisis. Considering the geographies in which Parent Bank operates, no direct impact is expected on Parent Bank operations. However, since the course of the crisis is uncertain as of the date of this report, developments that may occur on a global scale, and the effects of these developments on the global and regional economy and on Parent Bank's operations, are closely monitored and considered with the best estimation approach in the preparation of the financial statements.

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 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 and its financial subsidiaries have access to longer-term borrowings via borrowings from abroad.

In order to manage the interest rate risk arising from short-term deposits, the Bank and its financial subsidiaries are 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 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 income statement. 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.

It may classify the 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 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 the management of the 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 for the Parent Bank and domestic financial subsidiaries, and the differences are recorded as foreign exchange gain or loss in the income statement.

During the consolidation of foreign subsidiaries, the assets and liabilities are translated into TL at exchange rates ruling at the balance sheet date, the income and expenses in income statement are translated into TL using monthly average exchange rates. Foreign exchange differences arising from the translation of income and expenses and other equity items, are recognized in "other comprehensive income/expense items to be recycled to profit or loss under the shareholders' equity.

In the current period, net investment hedge amounting to EUR 477,237,230 (31 December 2021: EUR 489,286,021) is applied 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 6,500,680 (31 December 2021: TL 5,633,892), 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 December 2021. There is no ineffective portion arising from net investment hedge accounting.

3.3 Information on consolidated subsidiaries

As of 30 June 2022, Türkiye Garanti Bankası Anonim Şirketi and the following financial subsidiaries are consolidated in the accompanying consolidated financial statements; Garanti Bank International (GBI), Garanti Finansal Kiralama AŞ (Garanti Finansal Kiralama), Garanti Yatırım Menkul Kıymetler AŞ (Garanti Yatırım), Garanti Portföy Yönetimi AŞ (Garanti Portföy), Garanti Emeklilik ve Hayat AŞ (Garanti Emeklilik), Garanti Faktoring AŞ (Garanti Faktoring), Garanti Ödeme Sistemleri AŞ (GÖSAŞ) and Garanti Holding BV (Garanti Holding).

Garanti Finansal Kiralama was established in 1990 to perform financial lease activities and all related transactions and contracts. The company's head office is in Istanbul. The Bank increased its shareholding to 100% through a further acquisition of 0.04% of the company's shares on 21 October 2014.

Garanti Faktoring was established in 1990 to perform import, export and domestic factoring activities. The company's head office is in Istanbul. The Bank owns 81.84% of Garanti Faktoring shares including the shares acquired in the market, T. İhracat Kredi Bankası AŞ owns 9.78% of the company's shares and the remaining 8.38% shares are held by public.

GBI was established in October 1990 to perform banking activities abroad. The head office of this bank is in Amsterdam. It is wholly owned by the Bank.

Garanti Yatırım was established in 1991 to perform brokerage activities for marketable securities, valuable papers and documents representing financial values or financial commitments of issuing parties other than securities. The company's head office is in Istanbul. It is wholly owned by the Bank. Garanti Yatırım Ortaklığı AŞ that Garanti Yatırım participated by 3.61%, has been consolidated in the accompanying consolidated financial statements due to the company's right to elect all the members of the Board of Directors as resulted from its privilege in election of board members.

In 1992, it was decided to operate life and health branches under a different company and accordingly Garanti Hayat Sigorta AŞ was established. Garanti Hayat Sigorta AŞ was converted into a private pension company in compliance with the legislation early in 2003 and its name was changed as Garanti Emeklilik ve Hayat AŞ. Following the sale transactions that took place on 21 June 2007, the Bank's ownership in Garanti Emeklilik decreased to 84.91%. The head office of this company is in Istanbul.

Garanti Portföy was established in June 1997 to manage the customer portfolios by using the capital market products in compliance with the principles and rules of the regulations regarding the company's purpose of establishment and the portfolio management agreements signed with the customers. The company's head office is in Istanbul. It is wholly owned by the Bank.

Garanti Ödeme Sistemleri was incorporated in 1997. It offers the infrastructure required clearing and reconciliation transactions among participants. It constitutes, operates and develops the system, platform and infrastructures ensuring or supporting any and all types of payments or money transfers without having to use cash.

Garanti Holding was established in December 2007 in Amsterdam and all its shares was purchased by the Bank from Doğuş Holding AŞ in May 2010. On 27 January 2011 the consolidated subsidiary's legal named changed to Garanti Holding BV from D Netherlands BV.

Garanti Diversified Payment Rights Finance Company and RPV Company are structured entities established for the Parent Bank's securitization transactions, and consolidated in the accompanying consolidated financial statements. The Bank or any of its subsidiaries does not have any shareholding interests in these companies.

Non-financial subsidiaries owned by the Bank and its subsidiaries within the scope of consolidation are accounted by using the equity method as defined in TAS 28 "Investments in Associates and Joint Ventures".

3.4 Forwards, options and other derivative transactions

3.4.1 Derivative financial assets

Derivative financial assets measured at fair value through profit or loss

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

Derivatives are initially recorded at their fair values. The related transaction costs are recognized in income statement at the date they incur. The changes in their fair values are recorded on balance sheet under "the portion of derivative financial assets measured at fair value through profit and loss" or "the portion of derivative financial liabilities measured at fair value through profit and 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, 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.

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 followed in 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 and its consolidated financial subsidiaries do 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 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. It is entered 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 application of TFRS 9 hedge accounting and continue to apply hedge accounting in accordance with TAS 39 as a policy choice. Accordingly, the Bank and its consolidated financial subsidiaries continue to apply hedge accounting in accordance with TAS 39 in this context.

The Bank and its consolidated financial subsidiaries enter 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 financial assets 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, and in case of the fixed-rate financial assets at fair value through other comprehensive income, such changes are reclassified from shareholders' equity to statement of profit or loss.

Derivative financial assets measured at fair value through other comprehensive income

The Bank and its consolidated financial subsidiaries enter 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 "accumulated other comprehensive income or expense to be reclassified to profit or loss" in shareholders' equity, and the ineffective portion is recognised in income statement. The changes recognized 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.

Effectiveness tests are performed 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 ranges 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 "accumulated other comprehensive income or expense to be reclassified 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

General

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, it is identified 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, it is amortised 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 income of the period after the acquisition is recorded as interest income in the financial statements.

If the expectations for the cash flows in the financial asset are revised for reasons other than the credit risk, the amendment is reflected in the carrying amount of the asset and in the related income statement line and is amortized over the estimated life of the financial asset.

If the financial asset is impaired and classified as a non-performing receivable, it is applied the effective interest rate on the amortized cost of the asset for subsequent reporting periods. Such interest income calculation is made on an individual contract basis for all financial assets subject to impairment calculation. It is used effective interest rate during calculation of loss given default rate in expected credit loss models and accordingly, the calculation of expected credit losses includes an interest amount. Therefore, a reclassification is made between the accounts of “expected credit losses” 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.

<u>Financial lease activities</u>

Total of minimum rental payments including interests and principals are recorded under “financial lease receivables” as gross. The difference, i.e. the interest, between the total of rental payments and the cost of the related tangible asset is recorded under “unearned income”. When the rent payment incurs, the rent amount is deducted from “financial lease receivables”; and the interest portion is recorded as interest income in the income statement.

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

It shall be recognised a financial asset or a financial liability in its statement of financial position when, and only when, an 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, financial assets or financial liabilities are measured at fair value. At initial recognition, financial asset or a financial liability exclusive the ones at fair value through profit or loss are measured 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 the business model

As per TFRS 9, the business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The 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 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 expectations at the date that it is assessed the business model, that does not give rise to a prior period error in the financial statements nor does it change the classification of the remaining financial assets held in that business model as long as it is considered all relevant information that was available at the time that it made the business model assessment. However, when the business model is assessed for newly originated or newly purchased financial assets, it must be considered information about how cash flows were realised in the past, along with all other relevant information.

The 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: It may be held 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, a financial asset is classified 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

All financial assets are classified 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 or loss.

Financial investments and loans measured at amortised cost

Financial investments and loans are measured 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 losses calculated for the relevant financial assets in accordance with TFRS 9 is presented in Note 5.1.8.5.

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 losses 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, 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 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 cost by using the discounting method with effective interest rate, that approximates to fair value, 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 income statement.

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 sale of such debt securities are sold 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 sale price and the recognized interest income is transferred to "trading account income/losses".

The Bank also 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 based on the effective interest rate method which is calculated according to 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 guideline. The estimated inflation rate according to the Central Bank of Turkey's and the Bank's expectations, maybe updated during the year when it is considered necessary.

Equity instruments measured at fair value through other comprehensive income

At initial recognition, it can be made 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. Such election is made on an instrument by instrument basis.

Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss. However, the cumulative gain or loss shall be transferred to prior period's profit or loss. Dividends on such investments are recognised in profit or 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 income statement. Interest income earned on trading securities and the difference between their acquisition costs and amortized costs are recorded as interest income in the income statement. The differences between the amortized costs and the fair values of such securities are recorded under trading account income/losses in the income statement. In cases where such securities are sold before their maturities, the gains/losses on such sales are recorded under trading account income/losses.

It is classified certain loans and securities issued at their origination dates, as financial assets/liabilities, irrevocably at fair value through profit or loss 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

Loss allowance for expected credit losses is recognised 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 or 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, it shall be assessed whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, it shall be used 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, it shall be measured 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, it is measured loss allowance regarding such instrument at an amount equal to lifetime expected credit losses.

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

It is 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 aforementioned policy is presented in Note 3.8.3.

The 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

Expected credit losses are calculated 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, which is usually set at 12 months, given certain characteristics. Based on TFRS 9, it is used 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.

Internal rating systems are used 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, it is considered three scenarios (base scenario, bad scenario, good scenario). Each of these three scenarios is associated with different probability of default, loss given default and exposure at 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 there is 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. It is calculated 12-month expected credit loss based on a probability of default realized within 12 months after the reporting date. Such expected 12-month probability of default is applied on an expected exposure at default, multiplied with loss given default rate and discounted with the original effective interest rate. 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, it is calculated 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, it is accounted lifetime expected credit losses. The methodology is similar to stage 2 and the probability of default is taken into account as 100%.

It is considered 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 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.

2. Subjective Default Definition: It means it is considered that a debt is unlikely to be paid. Whenever it is considered 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, financial instruments are grouped 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 common credit risk characteristics include, but are not limited to, the following:

- Customer type (retail or corporate / commercial)
- 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, a certain portion of commercial and corporate loans is assessed individually in accordance with the internal policies in the calculation of the expected credit losses based on TFRS 9. Such calculations are made by discounting the expected cash deficits from the individual financial instrument to its present value using the effective interest rate.

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

In accordance with the internal policies, TFRS 9 models are updated once a year. The related model update was made in the 4th quarter of 2021 and expected credit losses provision is continued to calculated based on the mentioned updated model during 2022.

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 when becoming 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

In accordance with TFRS 9, 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 shall be applied. 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 and its financial subsidiaries subject to consolidation offer 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 entities are exposed to credit losses with the contractual notice. For this reason, it is calculated 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 reduction or removal of undrawn limits.

When determining the period over which it is expected to be exposed to credit risk, but for which expected credit losses would not be mitigated by normal credit risk management actions, it is considered 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 it is expected to be taken once the credit risk on the financial instrument has increased, such as the reduction or removal of undrawn limits.

It is calculated expected credit losses on the revolving products of retail and corporate customers by considering 3 to 5 years.

(Thousands of Turkish Lira (TL))

It is made assessment of significant increase in credit risk of revolving loans by considering qualitative and quantitative criteria considered for other credit products as explained in disclosure 3.8.3.

3.8.2 Forward-looking macroeconomic information

Forward-looking macroeconomic information is incorporated 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 credit risk parameters consists of the following steps:

Step 1: It is made 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, it is applied 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
31.12.2022	2.5%
31.12.2023	3.0%
31.12.2024	4.0%
31.12.2025	3.3%
31.12.2026	3.0%

3.8.3 Significant increase in credit risk

Qualitative and quantitative assessments are performed regarding assessment of significant increase in credit risk.

Qualitative assessment:

It is classified 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.

It is classified 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.

It is not considered 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 other financial instruments or relative to the credit risk of the jurisdiction within which it is operated.

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

It is defined 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 are defined 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 Disclosures about 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 and its consolidated financial subsidiaries have legally enforceable rights 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 the 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 it is retained control of the asset, it is continued to recognize the remaining portion of the asset and liabilities arising from such asset.

When it is retained 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 a financial asset without any change in the contractual terms

It is derecognised 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, it shall be reclassified 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 is changed the business model for managing financial assets.

3.9.4 Restructuring and refinancing of financial instruments

It may be changed 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 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, 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 1 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 management’s future intentions, either at market prices or using discounting method with internal rate of return. 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 Markets 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 Markets” and the related expense accruals are accounted.

3.11 Assets held for sale, assets of 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 business classified as sold or held-for-sale. The operating results of the discontinued operations are disclosed separately in income statement. The Bank or its financial subsidiaries have no discontinued operations.

3.12 Goodwill and other intangible assets

The intangible assets consist of goodwill, software, intangible rights and other intangible assets.

Goodwill and other intangible assets are recorded at cost in accordance 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 and its financial subsidiaries' 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 over their estimated useful lives based on their inflation adjusted costs on a straight-line basis.

Goodwill represents the excess of the total acquisition costs over the shares owned in the net assets of the acquired company at the date of acquisition. The "net goodwill" resulted from the acquisition of the investment and to be included in the consolidated balance sheet, is calculated based on the financial statements of the investee company as adjusted according to the required accounting principles.

If any goodwill is computed at consolidation, it is recorded under intangible assets on the asset side of the consolidated balance sheet as an asset. It is assessed to identify whether there is any indication of impairment. If any such indication exists, the necessary provision is recorded as an expense in the income statement. The goodwill is not amortized.

Estimated useful lives of the intangible assets except for goodwill, 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.

(Thousands of Turkish Lira (TL))

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 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 the 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 right-of-use asset is measured applying a cost model. To apply the cost model, the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses; and adjusted for any remeasurement of the lease liability.

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

3.14 Leasing activities

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

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 lease liability is measured 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 lease liability is measured 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 lease liability is remeasured to reflect changes to the lease payments. The amount of the remeasurement of the lease liability is recognised as an adjustment to the right-of-use asset.

The lease liability is remeasured 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, an unchanged discount rate is used.

(Thousands of Turkish Lira (TL))

For a lease modification that is not accounted for as a separate lease, at the effective date of the lease modification, the lease liability is remeasured 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 carrying amount of the right-of-use asset is decreased to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease. Any gain or loss relating to the partial or full termination of the lease is recognised 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 or its financial subsidiaries. If an inflow of economic benefits 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 labor law in Turkey, the entities are required to pay certain amounts to the employees retired or fired except for resignations or misbehaviors specified in the Turkish Labor Law.

Accordingly, the Bank and its financial subsidiaries subject to the labor law, reserved for employee severance indemnities in the accompanying financial statements using actuarial method in compliancewith 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:

	30 June 2022	**31 December 2021**
Net Effective Discount Rate	3.48%	3.48%
Discount Rate	19.10%	19.10%
Expected Rate of Salary Increase	16.60%	16.60%
Inflation Rate	15.10%	15.10%

In the above table, the effective rates are presented for the Bank and its financial subsidiaries subject to the labor law, whereas the rates applied for the calculations differ according to the employee’s 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 TAS19.

Retirement benefit obligations

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

(Thousands of Turkish Lira (TL))

The Bank's defined benefit plan ("the Plan") is managed by "Türkiye Garanti Bankası Anonim Şirketi 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 No. 506. These contributions are as follows:

	30 June 2022		31 December 2021	
	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 TAS19.

The consolidated subsidiaries do not have retirement benefit plans for their employees. The retirement related benefits of the employees of the consolidated subsidiaries are subject to SSF in case of domestic investees and to the legislations of the related countries in case of foreign investee companies. There are no obligations not reflected in the accompanying consolidated financial statements.

3.18 Insurance technical reserves and technical income and expense

3.18.1 Insurance technical reserves

The Group's insurance subsidiaries adopted TFRS 4, Insurance Contracts ("TFRS 4"). TFRS 4 requires that all contracts issued by insurance companies be classified as either insurance contracts or investment contracts. Contracts with significant insurance risk are considered insurance contracts. Insurance risk is defined as risk, other than financial risk, transferred from the holder of a contract to the issuer. TFRS 4 permits a company to continue with its previously adopted accounting policies with regard to recognition and measurement of insurance contracts. Only in case of presentation of more reliable figures a change in accounting policy shall be carried out.

Contracts issued by insurance companies without significant insurance risk are considered investment contracts. Investment contracts are accounted for in accordance with TFRS 9 Financial Instruments standard.

Insurance technical provisions on the consolidated financial statements consist of, reserve for unearned premiums, reserve for unexpired risk, and provision for outstanding claims and mathematical provisions.

3.18.2 Insurance technical income and expense

In insurance companies, premium income is obtained subsequent to the share of reinsurers in policy income is diminished.

Claims are recorded in expense on accrual basis. Outstanding loss provisions are recognized for the claims reported but not paid yet and for the claims that incurred but not reported. Reinsurers' share of claims paid and outstanding loss are offset in these provisions.

3.19 Taxation

3.19.1 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. 7316 on the "Procedure for Collection of Public Receivables and the Law Amending Some Laws", has been determined to be applied as 25% for the corporate earnings for the taxation periods of 2021 and as 23% for the corporate earnings for the taxation periods of 2022, 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" and as per added first sentence to the temporary Article 13 of the Law No. 5520 on the "Corporate Tax Law", this rate has been determined to be applied as 25% for the corporate earnings for the taxation periods 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.

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

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

In accordance with the Turkish tax legislation, the 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 pre-emption 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 pre-emption rights by the companies being under legal proceedings or guarantor and mortgage provider of such companies, to banks, financial leasing companies and finance companies or the Savings Deposit Insurance Fund in connection with liquidation of their liabilities and earnings of banks, financial leasing companies and finance companies through sale of immovable part of such assets or other items are exempt from corporate tax at the rate of 50% and 75%, respectively.

As of 30 June 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/A 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.

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.

Tax applications for foreign financial subsidiaries

THE NETHERLANDS

In the Netherlands, corporate income tax is levied at the rate of 15% for tax profits up to EUR 395,000 and 25.80% for the excess part over this amount on the worldwide income of resident companies, which is determined by modifying accounting income for certain exclusions and allowances for tax purposes for the related year. Based on the unilateral decree for the avoidance of double taxation between Turkey and The Netherlands, the dividend taxation is 0% percent under certain conditions. Under the Dutch taxation system up to 2022, tax losses incurred in fiscal years 2019 up to and including 2021 can be carried forward six fiscal years after the year in which they occur. Tax losses relating to fiscal years 2018 and earlier can be carried forward nine fiscal years. As of 2022, losses of previous years no longer vaporize but can be carried forward indefinitely. However the losses can only be used up to an amount of EUR 1 mln, or if the profit exceeds EUR 1 mln, the amount of losses that can be offset is EUR 1 mln plus 50% of the excess of the profit over EUR 1 mln. Companies must file their tax returns within five months following the end of the tax year to which they relate, unless the company applies for an extension (normally an additional eleven months). Tax returns are open for five years from the date of the filing deadline the tax return during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings. The corporate income tax for the Germany branch is 30%.

ROMANIA

The applicable corporate tax rate in Romania is 16%. The taxation system in Romania is continuously developing and is subject to varying interpretations and constant changes, which may become rarely retroactive. In Romania, tax periods remain open for tax audits for maximum seven years, depending on the reporting year. Tax losses can be carried forward to offset against future taxable income for seven years.

Starting form 1 January 2019, based on the Government Emergency Ordinance No. 114/2018 (“GEO”), as modified by the GEO No. 19/2019, banking institutions defined as credit institutions, Romanian legal entities and Romanian branches of nonresident credit institutions became subject to the tax on certain financial asset groups. The tax on financial assets is computed by applying a tax rate on the total value of the taxpayer’s certain financial asset groups, existing at the end of the computation semester, recorded as per the applicable accounting regulations.

The tax rate applied shall be 0.4% or 0.2% per annum, depending on the bank's market share greater than or equal, or lower than 1%, respectively. At the same time, the value of the tax may not exceed the accounting profit realized by the bank before calculating the tax on assets. In addition, no tax shall be due by the bank incurring accounting loss before calculating the tax on assets. The first computation and payment of the tax was realised on 25 August 2019. The final computation and reporting for year 2019 was made on 25 August 2020. The Ordinance provided the possibility of reducing the tax due by up to 100%, depending on certain indicators aimed at increasing financial intermediation and /or diminishing the net interest margin for RON denominated loans and deposits.

Starting from 1 January 2020, based on the GEO No. 1/2020, the tax on financial assets ceased to be effective for year 2020 and following years. According to Romanian legislation, a GEO should be approved by the Parliament through a Law within 2 years since the GEO issuing. The draft Law for approving GEO No. 1/2020 was not approved until now and currently it is on the approval flow.

3.19.2 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 3.19.1, while corporate tax has been determined to be applied as 25% for the corporate earnings for the taxation periods of 2021 and as 23% for the corporate earnings for the taxation periods of 2022 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" and as per added first sentence to the temporary Article 13 of the Law No. 5520 on the "Corporate Tax Law", this rate has been determined to be applied as 25% for the corporate earnings for the taxation periods of 2022 for the banks, companies within the scope of Law No. 6361, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies. Therefore, as of 30 June 2022, the Bank has calculated deferred tax at the rate of 25% for assets and liabilities (31 December 2021: 23% for the maturity until 2022 and 20% for the maturity after 2022).

If transactions and events are recorded in the income statement, then the related tax effects are also recognized in the income statement. 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 of the Bank and its consolidated subsidiaries are reported as net in their individual financial statements.

In compliance with TAS 12, the deferred tax assets and liabilities of the consolidated subsidiaries are presented on the asset and liability sides of financial statements separately, without any offsetting.

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.

3.19.3 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.

3.20 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.

3.21 Share and 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.

3.22 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.

3.23 Government incentives

As of 30 June 2022, the Bank or its financial subsidiaries do not have any government incentives or grants (2021: None).

3.24 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.

(Thousands of Turkish Lira (TL))

Information on the business segments on a consolidated basis is as follows:

Current Period	**Retail Banking**	**Corporate Banking**	**Investment Banking**	**Other**	**Total Operations**
Net Interest Income	7,105,408	9,790,247	10,930,009	3,154,951	30,980,615
Net Fees And Commıssıons Income	4,874,656	2,029,517	(116,502)	300,210	7,087,881
Dividend Income	-	-	-	62,685	62,685
Net Tradıng Income/Losses (Net)	243,048	3,877,150	(1,101,073)	2,916,623	5,935,748
Other Operatıng Income (*)	374,914	195,945	12,304	2,590,281	3,173,444
Expected Credıt Losses (*)	(1,278,978)	(5,770,006)	(212,078)	78,540	(7,182,522)
Other Provisions	(377)	-	-	(2,189,479)	(2,189,856)
Personnel and Other Operatıng Expenses	(5,097,534)	(2,239,000)	(401,212)	(3,320,390)	(11,058,136)
Income/Loss From Investments Under Equıty Accountıng	-	-	-	486,457	486,457
Net Operating Profit	6,221,137	7,883,853	9,111,448	4,079,878	27,296,316
Provision for Taxes	-	-	-	(6,115,293)	(6,115,293)
Net Profit	6,221,137	7,883,853	9,111,448	(2,035,415)	21,181,023
Segment Assets	156,092,571	454,248,639	363,900,192	120,202,908	1,094,444,310
Investments in Associates and Subsidiaries	-	-	-	1,630,616	1,630,616
Total Assets	**156,092,571**	**454,248,639**	**363,900,192**	**121,833,524**	**1,096,074,926**
Segment Liabilities	488,200,760	271,149,795	156,498,379	68,137,952	983,986,886
Shareholders' Equity	-	-	-	112,088,040	112,088,040
Total Liabilities and Shareholders' Equity	**488,200,760**	**271,149,795**	**156,498,379**	**180,225,992**	**1,096,074,926**

Prior Period	**Retail Banking**	**Corporate Banking**	**Investment Banking**	**Other**	**Total Operations**
Net Interest Income	4,559,321	4,737,759	1,434,619	3,734,362	14,466,061
Net Fees And Commıssıons Income	2,606,076	1,280,270	(55,592)	399,574	4,230,328
Dividend Income	-	-	-	21,276	21,276
Net Tradıng Income/Losses (Net)	62,178	1,627,710	(3,363,401)	722,935	(950,578)
Other Operatıng Income (*)	198,634	123,582	16,438	796,536	1,135,190
Expected Credıt Losses (*)	(876,457)	(3,146,036)	659,576	(18,521)	(3,381,438)
Other Provisions	-	-	-	(2,120,421)	(2,120,421)
Personnel and Other Operatıng Expenses	(3,092,908)	(1,326,248)	(166,819)	(2,042,772)	(6,628,747)
Income/Loss From Investments Under Equıty Accountıng	-	-	-	305,422	305,422
Net Operating Profit	3,456,844	3,297,037	(1,475,179)	1,798,391	7,077,093
Provision for Taxes	-	-	-	(1,356,522)	(1,356,522)
Net Profit	3,456,844	3,297,037	(1,475,179)	441,869	5,720,571
Segment Assets	128,579,825	338,318,866	288,773,971	93,638,414	849,311,076
Investments in Associates and Subsidiaries	-	-	-	1,164,524	1,164,524
Total Assets	**128,579,825**	**338,318,866**	**288,773,971**	**94,802,938**	**850,475,600**
Segment Liabilities	382,451,220	214,336,989	117,710,797	55,675,739	770,174,745
Shareholders' Equity	-	-	-	80,300,855	80,300,855
Total Liabilities and Shareholders' Equity	**382,451,220**	**214,336,989**	**117,710,797**	**135,976,594**	**850,475,600**

(*) 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.

3.25 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 30 March 2022, a decision is made regarding distribution of the unconsolidated net profit of the Bank amounting to TL 13,073,306 and the table considering the distribution made based on the decision is presented in Note 5.10.2.

3.26 Earnings per share

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

	Current Period	*Prior Period*
Distributable net profit	21,084,901	5,661,205
Average number of issued common shares (thousand)	420,000,000	420,000,000
Earnings per share (amounts presented full TL)	0.05020	0.01348

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 2022 (2021: None).

3.27 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.

3.28 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 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.

(Thousands of Turkish Lira (TL))

3.29 Other disclosures

3.29.1 Changes in prior period financial statements

With the "Communiqué amending the Communiqué on the Turkish Accounting Standard 27 (TAS 27) Separate Financial Statements" published in the Official Gazette dated 9 April 2015 and numbered 29321, option of accounting has been introduced for the investments in subsidiaries, joint ventures and affiliates in accordance with the provisions of TAS 27 in the separate financial statements of the enterprises at cost, in accordance with the provisions of TFRS 9 or by using the equity method defined in TAS 28.

As of 28 February, 2022, Parent Bank started to account for its investments in non-financial subsidiaries using the equity method within the scope of TAS 28 and switched to the equity method in valuation of non-financial subsidiaries. Before the relevant accounting policy change, non-financial subsidiaries were reflected in the financial statements with cost value, after deducting the provision for impairment in the unconsolidated financial statements.

Parent Bank classified companies within the framework of "the issuance of payment instruments such as credit cards, debit cards and travellers' cheques and the operations of related activities" and previously classified as a non-financial associate or subsidiary within the scope of the BRSA's article numbered 43933 and dated 9 March 2022, on "Obligation to Prepare Consolidated Financial Statements" as financial associates or subsidiaries.

Due to the change in accounting policy, the financial statements of the previous years have been restated within the framework of TAS 8 Accounting Policies, Changes in Accounting Estimates and Error Standard. The effect of adjustments on previous year financial statements is as follows:

31 December 2021	*Reported*	*Correction*		*Restated*
		TAS 27	*Classification*	
Unconsolidated Financial Associates	-	-	41,420	41,420
Unconsolidated Non-Financial Associates	38,300	1,078,289	(41,420)	1,075,169
Total Assets	**849,397,311**	**1,078,289**	**-**	**850,475,600**
Other Comprehensive Income/expense Items to be Recycled to Profit/loss	7,176,815	14,888	-	7,191,703
Foreign Currency Conversion Adjustments	*10,650,199*	*12,220*	-	*10,662,419*
Other	*(3,906,002)*	*2,668*	-	*(3,903,334)*
Prior Periods' Profit/loss	13,283	535,568	-	548,851
Net Profit/Loss	12,938,908	527,833	-	13,466,741
Total Liabilities	**849,397,311**	**1,078,289**	**-**	**850,475,600**
Dividend Income	139,280	(111,284)	-	27,996
Other Provisions	(7,581,067)	86,675	-	(7,494,392)
Income/Loss From Investments Under Equıty Accountıng	-	552,442	-	552,442
Net Profit/Loss	**12,938,908**	**527,833**	**-**	**13,466,741**

(Thousands of Turkish Lira (TL))

30 June 2021	***Reported***	***Correction***		***Restated***
		TAS 27	***Classification***	
Unconsolidated Financial Associates	-	-	28,666	28,666
Unconsolidated Non-Financial Associates	31,807	820,273	(28,666)	823,414
Total Assets	**607,787,125**	**820,273**	**-**	**608,607,398**
Other Comprehensive Income/expense Items to be Recycled to Profit/loss	3,389,970	1,270	-	3,391,240
Foreign Currency Conversion Adjustments	*6,220,144*	*2,279*	*-*	*6,222,423*
Other	*(2,518,176)*	*(1,009)*	*-*	*(2,519,185)*
Prior Periods' Profit/loss	13,283	535,568	-	548,851
Net Profit/Loss	5,377,770	283,435	-	5,661,205
Total Liabilities	**607,787,125**	**820,273**	**-**	**608,607,398**
Dividend Income	132,560	(111,284)	-	21,276
Other Provisions	(2,209,718)	89,297	-	(2,120,421)
Income/Loss From Investments Under Equıty Accountıng	-	305,422	-	305,422
Net Profit/Loss	**5,377,770**	**283,435**	**-**	**5,661,205**

31 December 2020	***Reported***	***Correction***		***Restated***
		TAS 27	***Classification***	
Unconsolidated Financial Associates	-	-	20,816	20,816
Unconsolidated Non-Financial Associates	120,118	434,512	(20,816)	533,814
Total Assets	**540,912,805**	**434,512**	**-**	**541,347,317**
Other Comprehensive Income/expense Items to be Recycled to Profit/loss	3,081,402	(101,056)	-	2,980,346
Foreign Currency Conversion Adjustments	*5,190,386*	*(132)*	*-*	*5,190,254*
Other	*(2,349,276)*	*(100,924)*	*-*	*(2,450,200)*
Prior Periods' Profit/loss	208,276	205,379	-	413,655
Net Profit/Loss	6,305,090	330,189	-	6,635,279
Total Liabilities	**540,912,805**	**434,512**	**-**	**541,347,317**
Income/Loss From Investments Under Equıty Accountıng	-	330,189	-	330,189
Net Profit/Loss	**6,305,090**	**330,189**	**-**	**6,635,279**

The Group reconsidered the amount of "Net Increase (Decrease) in Loans Received" shown under "Changes in Assets and Liabilities Subject to Banking Activities" in the consolidated cash flow statement, and recalculated the cash flows from syndication, securitization and special purpose loans, which it associated with financing activities, classidied as "Net Cash from Financing Activities". In order to comply with the cash flow statement dated 30 June 2022, between the lines of "Net Increase (Decrease) in Loans Received" and "Cash from Loans and Securities Issued" and "Cash Outflow from Loans and Securities Issued" reclassification transactions were made 11,225,354 TL and 1,210,908 TL, respectively in the cash flow statement dated 30 June 2021.

(Thousands of Turkish Lira (TL))

4 Consolidated Financial Position and Results of Operations and Risk Management

4.1 Consolidated total capital

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

4.1.1 Components of consolidated total capital (*)

	Current Period	*Prior Period*
COMMON EQUITY TIER I CAPITAL		
Paid-in Capital to be Entitled for Compensation after All Creditors	4,972,554	4,972,554
Share Premium	11,880	11,880
Reserves	63,694,477	51,937,355
Other Comprehensive Income according to TAS	29,969,310	16,899,492
Profit	22,190,703	14,015,592
Current Period's Profit	21,084,901	13,466,741
Prior Periods' Profit	1,105,802	548,851
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	8,034	6,701
Minority Interest	164,702	124,462
Common Equity Tier I Capital Before Deductions	**121,011,660**	**87,968,036**
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 (-)	7,044,473	6,241,690
Leasehold Improvements on Operational Leases	92,161	98,448
Goodwill Netted with Deferred Tax Liabilities	-	-
Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights	1,031,967	939,500
Net Deferred Tax Asset/Liability	-	-
Differences arise when assets and liabilities not held at fair value, are subjected to cash flow hedge accounting	-	-
Total credit losses that exceed total expected loss calculated according to the Regulation on Calculation of Credit Risk by Internal Ratings Based Approach	-	-
Securitization gains	-	-
Unrealized gains and losses from changes in bank's liabilities' fair values due to changes in creditworthiness	-	-
Net amount of defined benefit plans	-	-
Direct and Indirect Investments of the Bank on its own Tier I Capital	-	-
Shares Obtained against Article 56, Paragraph 4 of the Banking Law	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Mortgage Servicing Rights Exceeding the 10% Threshold of Tier I Capital	-	-
Net Deferred Tax Assets arising from Temporary Differences Exceeding the10% Threshold of Tier I Capital (-)	-	-
Amount Exceeding the 15% Threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks	-	-

(Thousands of Turkish Lira (TL))

	Current Period	*Prior Period*
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	**8,168,601**	**7,279,638**
Total Common Equity Tier I Capital	**112,843,059**	**80,688,398**
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)	-	-
Shares of Third Parties in Additional Tier I Capital	-	-
Shares of Third Parties in Additional Tier I Capital (Covered by Temporary Article 3)	-	-
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)	**112,843,059**	**80,688,398**
TIER II CAPITAL		
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	10,938,280	10,822,630
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)	8,509,948	6,191,880
Total Deductions from Tier II Capital	**19,448,228**	**17,014,510**
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	-	-

(Thousands of Turkish Lira (TL))

	Current Period	*Prior Period*
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	**19,448,228**	**17,014,510**
Total Equity (Total Tier I and Tier II Capital)	**132,291,287**	**97,702,908**
Total Tier I Capital and Tier II Capital (Total Equity)		
Loans Granted against the Articles 50 and 51 of the Banking Law (-)	105	75
Other items to be Defined by the BRSA	-	2,909
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)	**132,291,182**	**97,699,924**
Total Risk Weighted Assets	**800,605,461**	**585,131,580**
CAPITAL ADEQUACY RATIOS		
Consolidated CET1 Capital Ratio (%)	**14.09**	**13.79**
Consolidated Tier I Capital Ratio (%)	**14.09**	**13.79**
Consolidated Capital Adequacy Ratio (%)	**16.52**	**16.70**
BUFFERS		
Total Additional CET1 Capital Requirement Ratio (a+b+c)	4.14	4.14
a) Capital Conservation Buffer Ratio (%)	2.50	2.50
b) Bank-specific Counter-Cyclical Capital Buffer Ratio (%)	0.14	0.14
c) Systemically Important Banks Buffer Ratio (%)	1.50	1.50
Additional CET1 Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation (%)	6.09	5.79
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	6,397,622	4,420,046

(Thousands of Turkish Lira (TL))

	Current Period	*Prior Period*
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)	24,010,914	19,206,297
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	8,509,948	6,191,880
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	-	-

(*) According to "Bank Capital Regulation" Article 10 paragraph 4, which published on Official Gazette dated 5th September 2013 and numbered 28756, banks also calculate their consolidated capital with their consolidated insurance company investments as unconsolidated financial institutions if 9th Article's 4th paragraph's (c) and (ç) items apply. Lesser of consolidated capital calculated according to 1st and 4th paragraphs is considered the consolidated capital according to this regulation. As the consolidated capital calculated including the insurance subsidiary is lesser, the consolidated capital is calculated according to consolidated financial statements including the insurance subsidiary.

Within the scope of the measures announced by the BRSA on 28 April 2022 and 21 December, 2021, the amount subject to credit risk shall be calculated by using 31 December 2021 of the Central Bank's foreign exchange buying rates and negative revaluation differences of the securities classified under "Financial Assets Measured at Fair Value through Other Comprehensive Income" are not included in capital calculation.

As of 30 June 2022, the amount subject to credit risk in calculating the regulatory capital adequacy ratio was calculated by taking into account the simple arithmetic average of the Central Bank's foreign exchange buying rates for the last 252 business days before the calculation date. If the specified measure is not taken into account, the consolidated capital adequacy ratio is 15.12% as of 30 June 2022.

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

(Thousands of Turkish Lira (TL))

4.1.2 Items included in capital calculation

Current Period	***Information about instruments included in total capital calculation***		
Issuer	T. Garanti Bankası A.Ş.	T. Garanti Bankası A.Ş.	T. Garanti Bankası A.Ş.
Identifier (CUSIP, ISIN vb.)	Reg S: ISIN: XS1617531063 Common Code: 161753106 144A: CUSIP: 900148 AE7 ISIN: US900148AE73 Common Code: 161752479	ISIN: TRSGRANE2915	ISIN: TRSGRAN23013
Governing law (s) of the instrument	Subject to English Law and in terms of certain articles to Turkish Regulations. It is issued within the scope of the Communiqué VII-128.8 on Debt Instruments of the Capital Markets Board and the Regulation on Bank Capital of the BRSA.	It is subject to English Law and in terms of certain articles to Turkish Regulations. It is also issued within the scope of the "Regulation on Equities of Banks" and "the Communiqué Regarding the Capital Instruments that will be included in own funds of banks" within the legislation of Capital Markets Board of Turkey.	It is subject to English Law and in terms of certain articles to Turkish Regulations. It is also issued within the scope of the "Regulation on Equities of Banks" and "the Communiqué Regarding the Capital Instruments that will be included in own funds of banks" within the legislation of Capital Markets Board of Turkey.
Regulatory treatment			
Subject to 10% deduction as of 1/1/2015	No	No	No
Eligible on unconsolidated and /or consolidated basis	Eligible on unconsolidated and consolidated	Eligible on unconsolidated and consolidated	Eligible on unconsolidated and consolidated
Instrument type	Subordinated debt instruments (Notes)	Subordinated debt instruments (Notes)	Subordinated debt instruments (Notes)
Amount recognized in regulatory capital (Currency in TL million, as of most recent reporting date)	10,910 (31 December 2021: 9,820)	253 (31 December 2021: 253)	750 (31 December 2021: 750)
Nominal value of instrument (TL million)	10,910 (31 December 2021: 9,820)	253 (31 December 2021: 253)	750 (31 December 2021: 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	None	Yes	Yes
Optional call date, contingent call dates and redemption amount	-	07.10.2024 – TL 252,880,000	14.02.2025 – TL 750,000,000
Subsequent call dates, if applicable	-	-	-
Interest/dividend payment			
Fixed or floating coupon/dividend payments	Fixed	Floating	Floating
Coupon rate and any related index	%7.1770	TLREF + 130 bps	TLREF + 250 bps
Existence of any dividend payment restriction	None	None	None

Fully discretionary, partially discretionary or mandatory	-	-	-
Existence of step up or other incentive to redeem	None	None	None
Noncumulative or cumulative	None	None	None
Convertible into equity shares	None	None	None
If convertible, conversion trigger (s)	-	-	-
If convertible, fully or partially	-	-	-
If convertible, conversion rate	-	-	-
If convertible, mandatory or optional conversion	-	-	-
If convertible, type of instrument convertible into	-	-	-
If convertible, issuer of instrument to be converted into	-	-	-
Write-down feature	Yes	Yes	Yes
If bonds can be written-down, write-down trigger(s)	Due to the losses incurred, where the Bank is at the point at which the BRSA may determine pursuant to Article 71 of the Banking Law that: (i) its operating license is to be revoked and the Bank is liquidated or (ii) the rights of all of its shareholders (except to dividends), and the management and supervision of the Bank, are to be transferred to the SDIF on the condition that losses are deducted from the capital of existing shareholders (occurrence of either condition means the issuer has become non-viable), or (iii) it is probable that the Issuer will become non-viable; then the bonds can be written-down.	Due to the losses incurred, where the Bank is at the point at which the BRSA may determine pursuant to Article 71 of the Banking Law that: (i) its operating license is to be revoked or(ii) to be determined the probability of transfer to the SDIF Turkey, the bonds can be written off.	Due to the losses incurred, where the Bank is at the point at which the BRSA may determine pursuant to Article 71 of the Banking Law that: (i) its operating license is to be revoked or(ii) to be determined the probability of transfer to the SDIF Turkey, the bonds can be written off.
If bond can be written-down, full or partial	Partially or fully	Partially or fully	Partially or fully
If bond can be written-down, permanent or temporary	Continuously	Continuously	Continuously
If temporary write-down, description of write-up mechanism	There are no any temporary write-up mechanisms.	There are no any temporary write-up mechanisms.	There are no any temporary write-up mechanisms.
Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument)	In priority of receivables, it comes after the senior obligations of the Issuer.	In priority of receivables, it comes after the senior obligations of the Issuer.	In priority of receivables, it comes after the senior obligations of the Issuer.
In compliance with article number 7 and 8 of Regulation on Bank Capital	Instrument is in compliant with Article 8 of the Regulation on Bank Capital.	Instrument is in compliant with Article 8 of the Regulation on Bank Capital.	Instrument is in compliant with Article 8 of the Regulation on Bank Capital.
Details of incompliances with article number 7 and 8 of Regulation on Bank Capital	Instrument is not in compliant with Article 7 of the Regulation on Bank Capital.	Instrument is not in compliant with Article 7 of the Regulation on Bank Capital.	Instrument is not in compliant with Article 7 of the Regulation on Bank Capital.

(Thousands of Turkish Lira (TL))

4.1.3 Reconciliation of capital items to balance sheet

Current Period	*Carrying value*	*Amount of correction*	*Value of the capital report*	*Explanation of differences*
Paid-in Capital	4,200,000	772,554	4,972,554	Inflation adjustments included in Paid-in Capital according to Regulation's Temporary Article 1
Capital Reserves	784,434	(772,554)	11,880	Inflation adjustments included in Paid-in Capital according to Regulation's Temporary Article 1
Other Capital Reserves	772,554	(772,554)	-	Inflation adjustments included in Paid-in Capital according to Regulation's Temporary Article 1
Bonus Shares of Associates, Subsidiaries and Joint-Ventures	-	-	-	
Share Premium	11,880	-	11,880	
Other Comprehensive Income/Expenses in Shareholders' Equity as per TMS	20,864,077	2,068,794	22,932,871	Items not included in the calculation as per Regulation's Article 9-1-f and Gain on sale of associate/subsidiaries' shares and real estate classified as different in the value of the capital report
Other Comprehensive Income/Expense Items not to be Recycled to Profit/Loss	3,007,751	-	3,007,751	
Other Comprehensive Income/Expense Items to be Recycled to Profit/Loss	17,856,326	2,068,794	19,925,120	Items not included in the calculation as per Regulation's Article 9-1-f
Profit Reserves	63,694,477	-	63,694,477	
Profit or Loss	22,190,703	-	22,190,703	
Prior Periods' Profit/Loss	1,105,802	-	1,105,802	
Current Period Net Profit/Loss	21,084,901	-	21,084,901	
Minority Interest	354,349	(189,647)	164,702	Items are calculated as per Regulation's Article 12
Deductions from Common Equity Tier I Capital (-)	-		1,124,128	Deductions from Common Equity Tier 1 Capital as per the Regulation
Common Equity Tier I Capital	**112,088,040**		**112,843,059**	
Subordinated Debts			-	
Deductions from Tier I Capital (-)			-	Deductions from Tier 1 Capital as per the Regulation
Tier I Capital			**112,843,059**	
Subordinated Debts			10,938,280	
12 Month ECL (Stage 1) and Lifetime ECL Significant Increase in Credit Risk (Stage 2)			8,509,948	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			**19,448,228**	
Deductions from Total Capital (-)			105	Deductions from Capital as per the Regulation
Total			**132,291,182**	

Within the scope of the measures announced by the BRSA on 28 April 2022 and 21 December 2021, in the case of net valuation differences of the securities classified under "Financial Assets Measured at Fair Value through Other Comprehensive Income" are negative, these differences are not taken into consideration in capital calculation for capital adequacy ratio.

(Thousands of Turkish Lira (TL))

Prior Period	***Carrying value***	***Amount of correction***	***Value of the capital report***	***Explanation of differences***
Paid-in Capital	4,200,000	772,554	4,972,554	Inflation adjustments included in Paid-in Capital according to Regulation's Temporary Article 1
Capital Reserves	784,434	(772,554)	11,880	Inflation adjustments included in Paid-in Capital according to Regulation's Temporary Article 1
Other Capital Reserves	*772,554*	*(772,554)*	-	Inflation adjustments included in Paid-in Capital according to Regulation's Temporary Article 1
Bonus Shares of Associates, Subsidiaries and Joint-Ventures	-	-	-	
Share Premium	*11,880*	-	*11,880*	
Other Comprehensive Income/Expenses in Shareholders' Equity as per TMS	9,043,958	1,620,545	10,664,503	Items not included in the calculation as per Regulation's Article 9-1-f and Gain on sale of associate/subsidiaries' shares and real estate classified as different in the value of the capital report
Other Comprehensive Income/Expense Items not to be Recycled to Profit/Loss	*1,852,255*	-	*1,852,255*	
Other Comprehensive Income/Expense Items to be Recycled to Profit/Loss	*7,191,703*	*1,620,545*	*8,812,248*	Items not included in the calculation as per Regulation's Article 9-1-f
Profit Reserves	51,937,355	-	51,937,355	
Profit or Loss	14,015,592	-	14,015,592	
Prior Periods' Profit/Loss	*548,851*	-	*548,851*	
Current Period Net Profit/Loss	*13,466,741*	-	*13,466,741*	
Minority Interest	319,516	(195,054)	124,462	Items are calculated as per Regulation's Article 12
Deductions from Common Equity Tier I Capital (-)	-		1,037,948	Deductions from Common Equity Tier 1 Capital as per the Regulation
Common Equity Tier I Capital	**80,300,855**		**80,688,398**	
Subordinated Debts			-	
Deductions from Tier I Capital (-)			-	Deductions from Tier 1 Capital as per the Regulation
Tier I Capital			**80,688,398**	
Subordinated Debts			10,822,630	
12 Month ECL (Stage 1) and Lifetime ECL Significant Increase in Credit Risk (Stage 2)			6,191,880	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			**17,014,510**	
Deductions from Total Capital (-)			2,984	Deductions from Capital as per the Regulation
Total			**97,699,924**	

(Thousands of Turkish Lira (TL))

4.2 Consolidated 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 Consolidated currency risk

Foreign currency open position limit is set in compliance with the legal standard ratio of net foreign currency position. As of 30 June 2022, the Bank and its financial subsidiaries' net 'on balance sheet' foreign currency open position amounts to TL 52,112,460 (31 December 2021: TL 71,043,420), net 'off-balance sheet' foreign currency close position amounts to TL 75,882,573 (31 December 2021: TL 88,349,221), while net foreign currency close position amounts to TL 23,770,113 (31 December 2021: TL 17,305,801).

The foreign currency position risk 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 for the Bank. 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
The Bank's foreign currency purchase rate at balance sheet date	17.3110	16.5590
Foreign currency rates for the days before balance sheet date;		
Day 1	17.2940	16.5050
Day 2	17.3600	16.5060
Day 3	17.3890	16.4080
Day 4	18.1850	17.2510
Day 5	18.1730	17.2620
Last 30-days arithmetical average rate	17.8569	16.9036

(Thousands of Turkish Lira (TL))

The Bank's consolidated currency risk

	EUR	USD	Other FCs	Total
Current Period				
Assets				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	25,479,470	54,778,076	24,698,618	104,956,164
Banks	34,647,474	32,703,418	15,415,022	82,765,914
Financial Assets Measured at Fair Value through Profit/Loss	116,124	1,490,308	-	1,606,432
Money Market Placements	-	23,515,385	-	23,515,385
Financial Assets Measured at Fair Value through Other Comprehensive Income	9,373,144	11,396,567	4,076,957	24,846,668
Loans (*)	121,738,129	126,548,376	21,931,768	270,218,273
Investments in Associates, Subsidiaries and Joint-Ventures	10,577	-	57,391	67,968
Financial Assets Measured at Amortised Cost	346,926	37,565,704	-	37,912,630
Derivative Financial Assets Held for Hedging Purpose	98,828	574,632	-	673,460
Tangible Assets	530,115	365	318,518	848,998
Intangible Assets (**)	-	-	-	-
Other Assets (***)	164,214	6,979,581	(44,810)	7,098,985
Total Assets	**192,505,001**	**295,552,412**	**66,453,464**	**554,510,877**
Liabilities				
Bank Deposits	7,485,363	944,038	169,747	8,599,148
Foreign Currency Deposits	153,340,992	237,814,546	32,058,628	423,214,166
Money Market Funds	5,133,473	1,472,384	375	6,606,232
Other Fundings	19,164,935	23,897,500	1,048,453	44,110,888
Securities Issued (****)	981,661	61,520,122	161,569	62,663,352
Miscellaneous Payables	3,096,701	2,665,202	418,848	6,180,751
Derivative Financial Liabilities Held for Hedging Purpose	2,396	7,768	-	10,164
Other Liabilities (*****)	2,776,369	13,563,290	38,898,977	55,238,636
Total Liabilities	**191,981,890**	**341,884,850**	**72,756,597**	**606,623,337**
Net 'On Balance Sheet' Position	**523,111**	**(46,332,438)**	**(6,303,133)**	**(52,112,460)**
Net 'Off-Balance Sheet' Position	**11,069,024**	**52,357,571**	**12,455,978**	**75,882,573**
Derivative Assets	32,484,716	140,217,244	35,372,794	208,074,754
Derivative Liabilities	21,415,692	87,859,673	22,916,816	132,192,181-
Non-Cash Loans	-	-	-	-
Prior Period				
Total Assets	**169,414,297**	**232,150,225**	**47,117,890**	**448,682,412**
Total Liabilities	**160,312,584**	**298,453,338**	**60,959,910**	**519,725,832**
Net 'On Balance Sheet' Position	**9,101,713**	**(66,303,113)**	**(13,842,020)**	**(71,043,420)**
Net 'Off-Balance Sheet' Position	**49,280**	**69,118,019**	**19,181,922**	**88,349,221**
Derivative Assets	26,176,321	127,291,816	22,185,274	175,653,411
Derivative Liabilities	26,127,041	58,173,797	3,003,352	87,304,190
Non-Cash Loans	-	-	-	-

(*) The foreign currency-indexed loans amounting TL 250,000 included under TL loans in the accompanying consolidated financial statements are presented above under the related foreign currency code.

(**) As per the principles of "Regulation on the Calculation and Implementation of Foreign Currency Net General Position/Equity Standard Ratio by Banks on Consolidated and Non-Consolidated Basis", Intangible Assets have not been included in the currency risk measurement.

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

(****) Includes securities issued as subordinated loan presented under subordinated debts and financial liabilities measured at FVTPL in the balance sheet.

(*****) The gold deposits of TL 38,146,347 included under deposits in the accompanying consolidated financial statements are presented above under other liabilities.

(Thousands of Turkish Lira (TL))

4.4 Consolidated interest rate risk

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

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

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

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

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing (*)	Total
Assets							
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	1,137,685	-	-	-	-	148,198,483	149,336,168
Banks	22,162,112	411,417	-	76,083	-	61,209,112	83,858,724
Financial Assets Measured at Fair Value through Profit/Loss	119,151	236,334	195,887	856,347	139,107	2,780,731	4,327,557
Money Market Placements	19,707,853	-	3,844,343	-	-	6,215	23,558,411
Financial Assets Measured at Fair Value through Other Comprehensive Income	5,408,371	10,715,480	18,479,889	17,439,508	4,525,536	24,766,485	81,335,269
Loans	197,677,790	96,355,026	182,998,088	121,425,017	35,682,331	20,206,348	654,344,600
Financial Assets Measured at Amortised Cost	3,029,194	5,694,927	8,450,227	37,318,469	5,626,391	11,358,753	71,477,961
Other Assets (**)	20,130	222,840	107,195	97,909	12,063	27,376,099	27,836,236
Total Assets	**249,262,286**	**113,636,024**	**214,075,629**	**177,213,333**	**45,985,428**	**295,902,226**	**1,096,074,926**
Liabilities							
Bank Deposits	880,273	149,153	65,781	40,950	-	8,860,189	9,996,346
Other Deposits	235,654,900	123,930,413	31,640,384	5,110,801	52	340,647,773	736,984,323
Money Market Funds	26,731,608	388,997	7,408,090	214,195	-	35,781	34,778,671
Miscellaneous Payables	-	-	-	-	-	37,564,693	37,564,693
Securities Issued (***)	5,030,841	11,643,606	11,041,382	19,339,304	17,708,209	717,145	65,480,487
Other Fundings	7,541,988	19,078,373	18,138,759	2,562,566	7,631	167,203	47,496,520
Other Liabilities	31,980	58,817	184,368	613,504	127,684	162,757,533	163,773,886
Total Liabilities	**275,871,590**	**155,249,359**	**68,478,764**	**27,881,320**	**17,843,576**	**550,750,317**	**1,096,074,926**
On Balance Sheet Long Position	**-**	**-**	**145,596,865**	**149,332,013**	**28,141,852**	**-**	**323,070,730**
On Balance Sheet Short Position	**(26,609,304)**	**(41,613,335)**	**-**	**-**	**-**	**(254,848,091)**	**(323,070,730)**
Off-Balance Sheet Long Position	**38,974,954**	**37,342,666**	**52,207,894**	**21,589,790**	**27,147,244**	**-**	**177,262,548**
Off-Balance Sheet Short Position	**(17,305,550)**	**(28,529,178)**	**(61,185,767)**	**(39,327,594)**	**(29,832,535)**	**-**	**(176,180,624)**
Total Position	**(4,939,900)**	**(32,799,847)**	**136,618,992**	**131,594,209**	**25,456,561**	**(254,848,091)**	**1,081,924**

(*) Interest accruals are included in non-interest bearing column.
(**) Includes expected credit losses in accordance with TFRS 9.
(***) Includes securities issued having qualification of subordinated loan presented under subordinated debts and financial liabilities measured at FVTPL in the balance sheet.

(Thousands of Turkish Lira (TL))

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing (*)	Total
Assets							
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	62,381,876	-	-	-	-	61,541,758	123,923,634
Banks	19,231,052	462,905	57,141	729	88,350	39,363,366	59,203,543
Financial Assets at Fair Value through Profit/Loss	1,046,263	416,458	4,940,840	302,606	468,898	663,968	7,839,033
Money Market Placements	30,930,752	-	2,964,470	-	-	12,417	33,907,639
Financial Assets Measured at Fair Value through Other Comprehensive Income	4,876,695	7,860,613	13,606,215	11,638,214	8,093,547	9,671,014	55,746,298
Loans	140,304,768	55,878,397	151,571,119	116,999,164	30,746,287	13,962,867	509,462,602
Financial Assets Measured at Amortised Cost	2,638,579	2,134,135	7,586,445	13,225,350	6,036,618	8,545,920	40,167,047
Other Assets (**)	15,047	160,211	68,675	73,945	353	19,907,573	20,225,804
Total Assets	**261,425,032**	**66,912,719**	**180,794,905**	**142,240,008**	**45,434,053**	**153,668,883**	**850,475,600**
Liabilities							
Bank Deposits	676,948	848	4,155	150	-	1,775,129	2,457,230
Other Deposits	233,933,451	44,959,487	25,373,900	5,505,720	-	270,603,638	580,376,196
Money Market Funds	10,756,007	373,160	4,627,358	167,016	-	19,248	15,942,789
Miscellaneous Payables	-	-	-	-	-	27,045,295	27,045,295
Securities Issued (***)	4,971,412	3,149,206	11,432,622	14,420,376	26,235,706	530,422	60,739,744
Other Fundings	4,174,710	19,270,425	17,451,799	2,640,375	89,420	-	43,626,729
Other Liabilities	17,846	49,413	142,856	526,220	121,000	119,430,282	120,287,617
Total Liabilities	**254,530,374**	**67,802,539**	**59,032,690**	**23,259,857**	**26,446,126**	**419,404,014**	**850,475,600**
On Balance Sheet Long Position	**6,894,658**	**-**	**121,762,215**	**118,980,151**	**18,987,927**	**-**	**266,624,951**
On Balance Sheet Short Position	**-**	**(889,820)**	**-**	**-**	**-**	**(265,735,131)**	**(266,624,951)**
Off-Balance Sheet Long Position	**25,715,458**	**39,232,653**	**10,052,433**	**13,162,305**	**15,930,515**	**-**	**104,093,364**
Off-Balance Sheet Short Position	**(8,541,340)**	**(30,163,619)**	**(16,643,865)**	**(25,147,605)**	**(21,464,011)**	**-**	**(101,960,440)**
Total Position	**24,068,776**	**8,179,214**	**115,170,783**	**106,994,851**	**13,454,431**	**(265,735,131)**	**2,132,924**

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

(Thousands of Turkish Lira (TL))

4.4.2 Average interest rates on monetary financial instruments (%)

Current Period	EURO	USD	JPY	TL
Assets				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	(1.01)	(0.99)	-	-
Banks	(0.84)-0.60	0.08-1.84	-	13.50-24.50
Financial Assets at Fair Value through Profit/Loss	4.36	3.88-7.06	-	16.95
Money Market Placements	-	1.28	-	19.50
Financial Assets Measured at Fair Value through Other Comprehensive Income	2.38-4.65	4.38-11.88	-	14.90-27.21
Loans (*)	0.20-15.00	1.77-15.00	-	10.72-34.57
Financial Assets Measured at Amortised Cost	4.12	5.78	-	18.17-27.11
Liabilities				
Bank Deposits	(0.58)-0.30	1.50	-	12.49
Other Deposits	(0.75)-1.50	0.31-3.70	-	8.00-16.00
Money Market Fundings	(0.50)	2.62-2.93	-	7.90-31.00
Miscellaneous Payables	-	-	-	-
Securities Issued	5.27	6.27	-	17.09-24.50
Other Fundings	0.50-4.40	0.60-4.99	-	16.60-30.08

Prior Period	EUR	USD	JPY	TL
Assets				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	(0.07)	-	-	7.74
Banks	0.01-0.30	0.01-0.22	-	13.50-26.00
Financial Assets at Fair Value through Profit/Loss	4.42	5.13-10.00	-	3.00-20.06
Money Market Placements	(0.75)	0.05	-	14.07
Financial Assets Measured at Fair Value through Other Comprehensive Income	2.38-4.48	4.38-11.88	-	14.90-18.87
Loans (*)	0.35-9.50	0.10-7.11	-	10.75-30.00
Financial Assets Measured at Amortised Cost	0.20	5.22	-	16.66-18.25
Liabilities				
Bank Deposits	0.01	0.30	-	13.13
Other Deposits	(0.75)-1.90	0.03-5.25	-	6.00-18.00
Money Market Fundings	(0.50)	0.64-2.62	-	13.20-22.50
Miscellaneous Payables	-	-	-	-
Securities Issued	5.27	5.76	-	16.40-21.50
Other Fundings	0.20-5.25	0.70-6.30	-	15.86-32.03

(*) Lease receivables and factoring receivables are included.

(Thousands of Turkish Lira (TL))

4.5 Consolidated position risk of equity securities

4.5.1 Equity shares in associates and subsidiaries

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

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

Current Period		Comparison		
Equity Securities (shares)		**Carrying Value**	**Fair Value**	**Market Value**
1	**Investment in Shares- Grade A**	**1,603,175**	-	-
	Quoted Securities	-	-	-
2	**Investment in Shares- Grade B**	**25,557**	-	-
	Quoted Securities	-	-	-
3	**Investment in Shares- Grade C**	**822**	-	-
	Quoted Securities	-	-	-
4	**Investment in Shares- Grade D**	-	-	-
	Quoted Securities	-	-	-
5	**Investment in Shares- Grade E**	**1,014**	-	-
	Quoted Securities	-	-	-
6	**Investment in Shares- Grade F**	**48**	-	-
	Quoted Securities	-	-	-

Prior Period		Comparison		
Equity Securities (shares)		**Carrying Value**	**Fair Value**	**Market Value**
1	**Investment in Shares- Grade A**	**1,137,083**	-	-
	Quoted Securities	-	-	-
2	**Investment in Shares- Grade B**	**25,557**	-	-
	Quoted Securities	-	-	-
3	**Investment in Shares- Grade C**	**822**	-	-
	Quoted Securities	-	-	-
4	**Investment in Shares- Grade D**	-	-	-
	Quoted Securities	-	-	-
5	**Investment in Shares- Grade E**	**1,014**	-	-
	Quoted Securities	-	-	-
6	**Investment in Shares- Grade F**	**48**	-	-
	Quoted Securities	-	-	-

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

Current Period		Gains/Losses in Current Period	Revaluation Surpluses		Unrealized Gains and Losses		
Portfolio			**Total**	**Amount in Tier I Capital**	**Total**	**Amount in Core Capital**	**Amount in Tier I Capital**
1	Private Equity Investments	-	-	-	-	-	-
2	Quoted Shares	-	-	-	57,553	-	57,553
3	Other Shares	-	15,098	15,098	-	-	-
	Total	-	**15,098**	**15,098**	**57,553**	-	**57,553**

(Thousands of Turkish Lira (TL))

	Prior Period	Gains/Losses in Current Period	Revaluation Surpluses		Unrealized Gains and Losses		
	Portfolio		**Total**	**Amount in Tier I Capital**	**Total**	**Amount in Core Capital**	**Amount in Tier I Capital**
1	Private Equity Investments	-	-	-	-	-	-
2	Quoted Shares	-	-	-	43,051	-	43,051
3	Other Shares	-	28,973	28,973	-	-	-
	Total	**-**	**28,973**	**28,973**	**43,051**	**-**	**43,051**

4.5.4 Capital requirement as per equity shares

	Current Period			
	Portfolio	**Carrying Value**	**RWA Total**	**Minimum Capital Requirement**
1	Private Equity Investments	-	-	-
2	Quoted Shares	-	-	-
3	Other Shares	1,630,616	1,621,755	129,740
	Total	**1,630,616**	**1,621,755**	**129,740**

	Prior Period			
	Portfolio	**Carrying Value**	**RWA Total**	**Minimum Capital Requirement**
1	Private Equity Investments	-	-	-
2	Quoted Shares	-	-	-
3	Other Shares	1,164,524	1,149,155	91,932
	Total	**1,164,524**	**1,149,155**	**91,932**

4.6 Liquidity risk management and consolidated 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. During the second quarter of 2022, The Bank turned to sticky consumer deposits to increase of weights Consumer/SME deposits in TL deposits which significantly contributes to liquidity metrics such as the internal stress test.

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 both bank-only and consolidated LCR calculations 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. High quality liquid assets are composed of 6.42 % cash, 42.81 % deposits in central banks and 50.77 % securities considered as high quality liquid assets.

(Thousands of Turkish Lira (TL))

The Bank's main funding sources are deposits, funds borrowed, money market borrowings and securities issued. Consolidated funding source composition as of report date is 80.12 % deposits, 8.83 % funds borrowed and money market borrowings, 7.02 % securities issued and 4.03 % other liabilities.

In consolidated LCR calculations, 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 consolidated 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.

	Current Period	**Total Unweighted Value (Average) (*)**		**Total Weighted Value (Average) (*)**	
		TL+FC	**FC**	**TL+FC**	**FC**
High-Quality Liquid Assets				285,958,270	162,663,309
1	Total high-quality liquid assets (HQLA)	286,799,103	162,663,309	285,958,270	162,663,309
Cash Outflows					
2	Retail deposits and deposits from small business customers, of which:	483,406,606	313,694,116	45,180,412	31,265,236
3	Stable deposits	63,204,979	2,083,531	3,160,249	104,177
4	Less stable deposits	420,201,627	311,610,585	42,020,163	31,161,059
5	Unsecured wholesale funding, of which:	209,230,522	137,720,673	107,549,396	67,311,979
6	Operational deposits	-	-	-	-
7	Non-operational deposits	168,384,114	124,945,956	76,678,947	56,422,717
8	Unsecured funding	40,846,408	12,774,717	30,870,449	10,889,262
9	Secured wholesale funding	3,813,728	101,679	337,672	-
10	Other cash outflows of which:	282,262,236	104,324,616	46,014,044	38,610,986
11	Outflows related to derivative exposures and other collateral requirements	18,562,093	25,517,069	18,562,093	25,517,069
12	Outflows related to restructured financial instruments	-	-	-	-
13	Payment commitments and other off-balance sheet commitments granted for debts to financial markets	263,700,143	78,807,547	27,451,951	13,093,917
14	Other revocable off-balance sheet commitments and contractual obligations	8,822,244	6,626,128	441,112	331,306
15	Other irrevocable or conditionally revocable off-balance sheet obligations	40,787,253	40,076,128	2,039,363	2,003,805
16	**Total Cash Outflows**	**1,028,322,589**	**602,543,340**	**201,561,999**	**139,523,312**
Cash Inflows					
17	Secured receivables	94,230	-	-	-
18	Unsecured receivables	95,965,044	53,949,235	67,543,621	40,513,083
19	Other cash inflows	3,070,740	64,564,297	2,894,532	64,449,443
20	**Total Cash Inflows**	**99,130,014**	**118,513,532**	**70,438,153**	**104,962,526**
				Upper Limit Applied Values	
21	**Total HQLA**			**285,958,270**	**162,663,309**
22	**Total Net Cash Outflows**			**131,123,846**	**37,246,289**
23	**Liquidity Coverage Ratio (%)**			**219.28%**	**430.69%**

(*) The average of last three months' simple averages of daily figures.

(Thousands of Turkish Lira (TL))

The table below presents the last three months' consolidated Liquidity Ratios:

Period	**TL+FC**	**FC**
30 April 2022	227.77%	443.87%
31 May 2022	216.29%	441.66%
30 July 2022	213.78%	406.54%

	Prior Period	**Total Unweighted Value (Average) (*)**		**Total Weighted Value (Average) (*)**	
		TL+FC	**FC**	**TL+FC**	**FC**
High-Quality Liquid Assets				184,253,304	103,593,389
1	Total high-quality liquid assets (HQLA)	184,780,441	103,593,389	184,253,304	103,593,389
Cash Outflows					
2	Retail deposits and deposits from small business customers, of which:	356,529,084	227,893,798	33,153,012	22,705,041
3	Stable deposits	49,997,933	1,686,793	2,499,897	84,340
4	Less stable deposits	306,531,151	226,207,005	30,653,115	22,620,701
5	Unsecured wholesale funding, of which:	157,318,783	97,556,394	78,673,136	46,207,148
6	Operational deposits	-	-	-	-
7	Non-operational deposits	129,517,732	88,915,539	57,509,897	38,907,943
8	Unsecured funding	27,801,051	8,640,855	21,163,239	7,299,205
9	Secured wholesale funding	734,233	87,312	565,670	-
10	Other cash outflows of which:	209,004,265	77,220,734	36,849,978	29,838,735
11	Outflows related to derivative exposures and other collateral requirements	17,974,608	21,166,493	17,974,608	21,166,493
12	Outflows related to restructured financial instruments	-	-	-	-
13	Payment commitments and other off-balance sheet commitments granted for debts to financial markets	191,029,657	56,054,241	18,875,370	8,672,242
14	Other revocable off-balance sheet commitments and contractual obligations	5,924,880	5,178,394	296,244	258,920
15	Other irrevocable or conditionally revocable off-balance sheet obligations	24,383,570	24,156,430	1,219,178	1,207,821
16	**Total Cash Outflows**	**753,894,815**	**432,093,062**	**150,757,218**	**100,217,665**
Cash Inflows					
17	Secured receivables	90,312	-	-	-
18	Unsecured receivables	68,514,113	40,770,559	50,641,491	32,616,478
19	Other cash inflows	6,878,033	56,982,210	6,693,228	56,840,117
20	**Total Cash Inflows**	**75,482,458**	**97,752,769**	**57,334,719**	**89,456,595**
				Upper Limit Applied Values	
21	**Total HQLA**			**184,253,304**	**103,593,389**
22	**Total Net Cash Outflows**			**93,422,499**	**25,054,416**
23	**Liquidity Coverage Ratio (%)**			**197.05%**	**406.54%**

(*) The average of last three months' simple averages of daily figures.

(Thousands of Turkish Lira (TL))

The table below presents the last three months' consolidated Liquidity Ratios of the year 2021 :

Period	**TL+FC**	**FC**
31 October 2021	184.33%	405.98%
30 November 2021	188.17%	393.65%
31 December 2021	218.64%	419.98%

(Thousands of Turkish Lira (TL))

4.6.2 Maturity analysis of 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	61,659,392	83,142,968	-	4,533,808	-	-	-	149,336,168
Banks	76,629,469	6,519,124	421,810	-	288,321	-	-	83,858,724
Financial Assets at Fair Value through Profit/Loss	2,736,973	-	26,010	225,082	1,166,370	149,281	23,841	4,327,557
Money Market Placements	-	19,709,173	-	3,849,238	-	-	-	23,558,411
Financial Assets Measured at Fair Value through Other Comprehensive Income	594,443	797,380	2,347,398	8,552,033	47,331,696	21,712,319	-	81,335,269
Loans	1,410,314	109,383,033	96,494,064	180,913,903	183,091,996	55,004,187	28,047,103	654,344,600
Financial Assets Measured at Amortised Cost	-	165,907	103,055	8,150,595	51,089,675	11,968,729	-	71,477,961
Other Assets (*)	15,279,394	5,432,002	2,767,549	2,949,723	2,977,226	2,036,189	(3,605,847)	27,836,236
Total Assets	**158,309,985**	**225,149,587**	**102,159,886**	**209,174,382**	**285,945,284**	**90,870,705**	**24,465,097**	**1,096,074,926**
Liabilities								
Bank Deposits	8,859,769	880,480	149,364	65,781	40,952	-	-	9,996,346
Other Deposits	361,165,150	214,828,536	127,097,167	29,781,975	4,088,431	23,064	-	736,984,323
Other Fundings	-	11,929,849	993,269	31,665,585	2,006,037	901,780	-	47,496,520
Money Market Funds	-	26,779,268	404,638	4,451,497	3,143,268	-	-	34,778,671
Securities Issued (**)	-	166,426	11,297,996	11,073,563	22,073,507	20,868,995	-	65,480,487
Miscellaneous Payables	35,250,579	585,994	128,827	112,192	6,006	317	1,480,778	37,564,693
Other Liabilities (***)	9,366,418	4,387,778	3,811,892	3,178,679	3,832,695	8,634,910	130,561,514	163,773,886
Total Liabilities	**414,641,916**	**259,558,331**	**143,883,153**	**80,329,272**	**35,190,896**	**30,429,066**	**132,042,292**	**1,096,074,926**
Liquidity Gap	**(256,331,931)**	**(34,408,744)**	**(41,723,267)**	**128,845,110**	**250,754,388**	**60,441,639**	**(107,577,195)**	**-**
Net Off-Balance Sheet Position	**366**	**13,794,587**	**(536,526)**	**1,611,667**	**(501,965)**	**79,836**	**-**	**14,447,965**
Derivative Financial Assets	82,394	122,416,794	74,185,229	26,863,756	15,245,657	2,238,468	-	241,032,298
Derivative Financial Liabilities	82,028	108,622,207	74,721,755	25,252,089	15,747,622	2,158,632	-	226,584,333
Non-Cash Loans	**346**	**69,072,470**	**12,008,288**	**3,944,789**	**12,816,164**	**1,695,394**	**294,737,796**	**394,275,247**
Prior Period								
Total Assets	**130,403,443**	**190,329,990**	**71,068,472**	**155,828,079**	**216,680,848**	**74,329,238**	**11,835,530**	**850,475,600**
Total Liabilities	**326,286,800**	**235,411,557**	**57,148,234**	**63,352,219**	**31,605,980**	**38,424,310**	**98,246,500**	**850,475,600**
Liquidity Gap	**(195,883,357)**	**(45,081,567)**	**13,920,238**	**92,475,860**	**185,074,868**	**35,904,928**	**(86,410,970)**	**-**
Net Off-Balance Sheet Position	**-**	**6,407,754**	**1,459,290**	**768,271**	**968,276**	**(617,784)**	**-**	**8,985,807**
Derivative Financial Assets	-	145,750,057	39,457,741	16,303,512	10,984,895	2,139,677	-	**214,635,882**
Derivative Financial Liabilities	-	139,342,303	37,998,451	15,535,241	10,016,619	2,757,461	-	**205,650,075**
Non-Cash Loans	**-**	**24,010,835**	**9,559,544**	**2,948,144**	**9,011,501**	**945,538**	**228,057,449**	**274,533,011**

(*) Includes expected credit losses in accordance with TFRS 9.
(**) Includes subordinated securities issued and financial liabilities measured at FVTPL.
(***) Shareholders' Equity is included in "Other Liabilities" line under "Undistributed" column.

(Thousands of Turkish Lira (TL))

4.6.3 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".

4.7 Consolidated 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 consolidated leverage ratio calculated by taking average of end of month leverage ratios for the last three-month periods, is 7.38% (31 December 2021: 7.02%). While the capital increased by 39.37 % mainly as a result of increase in net profits, total risk amount increased by 31.75 %. Therefore, the current period leverage ratio increased by 36 basis points compared to prior period.

		Current Period(***)	*Prior Period*(***)
1	Total assets in consolidated financial statements prepared in accordance with Turkish Accounting Standards (*) (**)	851,568,850	609,497,285
2	The difference between total assets prepared in accordance with Turkish Accounting Standards (*) and total assets in consolidated financial statements prepared in accordance with the Communiqué "Preparation of Consolidated Financial Statements" (**)	(2,171,539)	(1,710,160)
3	The difference between the amounts of derivative financial instruments and credit derivatives in consolidated financial statements prepared in accordance with the Communiqué "Preparation of Consolidated Financial Statements" and risk amounts of such instruments	(38,926,410)	(31,805,736)
4	The difference between the amounts of securities or commodity financing transactions in consolidated financial statements prepared in accordance with the Communiqué "Preparation of Consolidated Financial Statements" and risk amounts	63,401,603	59,248,686
5	The difference between the amounts of off-balance items in consolidated financial statements prepared in accordance with the Communiqué "Preparation of Consolidated Financial Statements" and risk amounts of such items	2,917,169	5,744,892
6	Other differences between the amounts in consolidated financial statements prepared in accordance with the Communiqué "Preparation of Consolidated Financial Statements" and risk amounts of such items	-	-
7	Total risk amount	1,426,308,346	1,082,551,995

(*) Consolidated financial statements prepared in compliance with the paragraph 6 of Article 5 of the Communiqué "Preparation of Consolidated Financial Statements."

(**) The consolidated financial statements prepared in accordance with Turkish Accounting Standards as of 31 December 2021 for the current period and 30 June 2021 for the prior period, are considered.

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

(Thousands of Turkish Lira (TL))

		Current Period (*)	***Prior Period*** (*)
On-balance sheet assets			
1	On-balance sheet items (excluding derivative financial instruments and credit derivatives but including collateral)	1,016,102,639	780,302,195
2	(Assets deducted in determining Tier I capital)	(1,111,779)	(936,855)
3	Total on-balance sheet risks (sum of lines 1 and 2)	1,014,990,860	779,365,340
Derivative financial instruments and credit derivatives			
4	Replacement cost associated with all derivative financial instruments and credit derivatives	12,786,790	18,547,128
5	Add-on amounts for PFE associated with all derivative financial instruments and credit derivatives	39,086,370	31,892,328
6	Total risks of derivative financial instruments and credit derivatives (sum of lines 4 and 5)	51,873,160	50,439,456
Securities or commodity financing transactions (SCFT)			
7	Risks from SCFT assets (excluding on-balance sheet)	1,960,847	2,020,270
8	Risks from brokerage activities related exposures	-	-
9	Total risks related with securities or commodity financing transactions (sum of lines 7 and 8)	1,960,847	2,020,270
Other off-balance sheet transactions			
10	Gross notional amounts of off-balance sheet transactions	360,400,648	256,471,821
11	(Adjustments for conversion to credit equivalent amounts)	(2,917,169)	(5,744,892)
12	Total risks of off-balance sheet items (sum of lines 10 and 11)	357,483,479	250,726,929
Capital and total risks			
13	Tier I capital	105,181,525	75,471,876
14	Total risks (sum of lines 3, 6, 9 and 12)	1,426,308,346	1,082,551,995
Leverage ratio			
15	Leverage ratio	%7.38	%7.02

(*) 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 Calculation of 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 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.

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.

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

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

(Thousands of Turkish Lira (TL))

4.10.1.2 Risk weighted amounts

		Risk Weighted Amounts		**Minimum Capital Requirements**
		Current Period	***Prior Period***	***Current Period***
1	Credit risk (excluding counterparty credit risk) (CCR) (*)	667,059,286	468,569,200	53,364,743
2	Of which standardised approach (SA)	667,059,286	468,569,200	53,364,743
3	Of which internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	13,710,048	26,751,943	1,096,804
5	Of which standardised approach for counterparty credit risk (SA-CCR)	13,710,048	26,751,943	1,096,804
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	26,509	29,268	2,121
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	48,157,950	34,619,138	3,852,636
17	Of which standardised approach (SA)	48,157,950	34,619,138	3,852,636
18	Of which internal model approaches (IMM)	-	-	-
19	Operational risk	71,651,668	55,162,031	5,732,133
20	Of which basic indicator approach	71,651,668	55,162,031	5,732,133
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)**	**800,605,461**	**585,131,580**	**64,048,437**

(*) 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 Consolidated credit risk

4.10.3.1 General information on consolidated credit risk

4.10.3.1.1 General qualitative information on consolidated credit risk

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

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

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

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

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

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

(Thousands of Turkish Lira (TL))

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

In addition, decisions regarding the credit policy in the corporate governance framework are taken by the relevant committees. In this context, there are Wholesale Credit Risk Committee, Retail Credit Risk Committee, Risk Management Committee, Risk Technology and Analytics Committee, Credit Restructuring Committee, NPL and Collection Committee, Credit Admission Committee, and Risk Committee. Allocated limits and conditions that exceeding the limits with their usage, evaluations regarding major risks and non-performing loans with high risk, information regarding NPLs, the data regarding the portfolios of subsidiaries are reported to senior management on a regular basis.

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

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

4.10.3.1.2 Credit quality of consolidated assets

	Current Period	*Gross carrying value in consolidated financial statements prepared as perTAS*		*Allowances/amortisation and impairments*	*Net values*
		Defaulted	*Non-defaulted*		
1	Loans	19,921,009	865,440,577	13,801,719	871,559,867
2	Debt securities	-	152,218,790	-	152,218,790
3	Off-balance sheet exposures	2,341,225	193,067,726	1,569,138	193,839,813
4	**Total**	**22,262,234**	**1,210,727,093**	**15,370,857**	**1,217,618,470**

	Prior Period	*Gross carrying value in consolidated financial statements prepared as perTAS*		*Allowances/amortisation and impairments*	*Net values*
		Defaulted	*Non-defaulted*		
1	Loans	18,344,496	690,984,937	12,185,034	697,144,399
2	Debt securities	-	95,392,145	-	95,392,145
3	Off-balance sheet exposures	2,019,657	140,532,796	1,332,807	141,219,646
4	**Total**	**20,364,153**	**926,909,878**	**13,517,841**	**933,756,190**

(Thousands of Turkish Lira (TL))

4.10.3.1.3 Changes in stock of default loans and debt securities

		Current Period	Prior Period
1	**Defaulted loans and debt securities at end of the previous reporting period**	**18,344,496**	**16,118,312**
2	Loans and debt securities defaulted since the last reporting period(**)	9,974,140	4,529,388
3	Receivables back to non-defaulted status	(123,549)	(602,424)
4	Amounts written off (-)(*)(**)	(7,943,887)	(4,166,399)
5	Other changes (-) (Collections and fx differences)	(330,191)	2,465,619
6	**Defaulted loans and debt securities at end of the reporting period**	**19,921,009**	**18,344,496**

(*) Includes written-off, written-downs and sold receivables.

(**) 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.

4.10.3.1.4 Additional information on credit quality of consolidated assets

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

4.10.3.2 Consolidated credit risk mitigation

4.10.3.2.1 Qualitative disclosure on consolidated credit risk mitigation techniques

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

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

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

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

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

4.10.3.2.2 Consolidated credit risk mitigation techniques

	Current Period	*Exposures unsecured: carrying amount as per TAS*	*Exposures secured by collateral*	*Collateralized amount of exposures secured by collateral*	*Exposures secured by financial guarantees*	*Collateralized amount of exposures secured by financial guarantees*	*Exposures secured by credit derivatives*	*Collateralized amount of exposures secured by credit derivatives*
1	Loans	810,812,403	60,747,464	56,672,245	6,077,831	6,077,831	-	-
2	Debt securities	152,218,790	-	-	-	-	-	-
3	**Total**	**963,031,193**	**60,747,464**	**56,672,245**	**6,077,831**	**6,077,831**	**-**	**-**
4	Of which defaulted (*)	19,691,649	229,360	6,582	-	-	-	-

(*) The gross defaulted amount is given.

(Thousands of Turkish Lira (TL))

	Prior Period	*Exposures unsecured: carrying amount as per TAS*	*Exposures secured by collateral*	*Collateralized amount of exposures secured by collateral*	*Exposures secured by financial guarantees*	*Collateralized amount of exposures secured by financial guarantees*	*Exposures secured by credit derivatives*	*Collateralized amount of exposures secured by credit derivatives*
1	Loans	640,153,697	56,990,702	53,883,805	2,138,701	2,138,701	-	-
2	Debt securities	95,276,314	115,831	29,620	-	-	-	-
3	**Total**	**735,430,011**	**57,106,533**	**53,913,425**	**2,138,701**	**2,138,701**	**-**	**-**
4	Of which defaulted (*)	18,051,947	292,549	10,824	-	-	-	-

(*) The gross defaulted amount is given.

4.10.3.3 Consolidated credit risk under standardised approach

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

An international rating firm, Fitch Ratings' external risk ratings are used to determine the risk weights of the risk categories as per the Article 6 of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks".

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

According to the regulation on capital adequacy, external risk ratings are used only for the exposures to banks and brokerage houses and to corporates where the counterparties are resident in abroad, to determine their risk weights. Where the counterparties are domestic, the related exposures are included in the calculation of capital adequacy as unrated.

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

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

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

(Thousands of Turkish Lira (TL))

4.10.3.3.2 Consolidated credit risk exposure and credit risk mitigation techniques

	Current Period	*Exposures before CCF and CRM*		*Exposures post-CCF and CRM*		*RWA and RWA density*	
	Risk classes	*On-balance sheet amount*	*Off-balance sheet amount*	*On-balance sheet amount*	*Off-balance sheet amount*	*RWA*	*RWA density*
1	Exposures to sovereigns and their central banks	286,371,016	514,252	292,371,942	303,443	4,769,980	2%
2	Exposures to regional and local governments	2,439,453	46,740	2,439,055	43,968	1,259,645	51%
3	Exposures to administrative bodies and non-commercial entities	986,348	268,898	986,005	25,637	1,011,644	100%
4	Exposures to multilateral development banks	12	-	12	-	-	0%
5	Exposures to international organizations	-	-	-	-	-	-
6	Exposures to banks and brokerage houses	87,435,230	61,182,530	69,588,201	9,429,479	25,761,869	33%
7	Exposures to corporates	313,195,602	158,050,781	296,729,797	78,415,750	333,985,093	89%
8	Retail exposures	155,442,536	136,249,333	150,524,443	12,608,738	127,506,604	78%
9	Exposures secured by residential property	23,954,278	23,095	23,939,116	20,471	8,385,854	35%
10	Exposures secured by commercial property	15,762,860	3,864,949	15,709,173	2,193,486	11,211,107	63%
11	Past-due items	4,942,258	14	4,942,258	-	2,921,398	59%
12	Exposures in high-risk categories	75,123,903	721,954	74,970,409	383,923	128,765,210	170%
13	Covered bonds	-	-	-	-	-	-
14	Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-
15	Exposures in the form of collective investment undertakings	26,509	-	26,509	-	26,509	100%
16	Shares	2,069,449	-	2,069,449	-	2,069,449	100%
17	Other exposures	41,156,679	-	41,156,681	-	19,411,433	47%
18	**Total**	**1,008,906,133**	**360,922,546**	**975,453,050**	**103,424,895**	**667,085,795**	**62%**

(Thousands of Turkish Lira (TL))

	Prior Period	***Exposures before CCF and CRM***		***Exposures post-CCF and CRM***		***RWA and RWA density***	
	Risk Classes	***On-balance sheet amount***	***Off-balance sheet amount***	***On-balance sheet amount***	***Off-balance sheet amount***	***RWA***	***RWA density***
1	Exposures to sovereigns and their central banks	177,051,947	2,723,197	179,182,486	131,919	3,061,308	%2
2	Exposures to regional and local governments	1,518,093	29,004	1,518,094	26,987	798,813	%52
3	Exposures to administrative bodies and non-commercial entities	851,350	48,525	851,280	13,659	864,939	%100
4	Exposures to multilateral development banks	45	-	45	-	-	-
5	Exposures to international organizations	-	-	-	-	-	-
6	Exposures to banks and brokerage houses	74,366,316	17,546,678	42,230,667	6,085,696	17,054,467	%35
7	Exposures to corporates	230,098,527	109,330,712	224,470,863	48,460,061	268,477,051	%98
8	Retail exposures	130,425,264	101,236,710	127,673,465	9,180,794	105,995,337	%77
9	Exposures secured by residential property	21,374,995	16,178	21,359,753	13,669	7,480,698	%35
10	Exposures secured by commercial property	12,267,483	2,636,176	12,220,682	1,543,791	8,913,316	%65
11	Past-due items	4,095,971	92	4,095,891	-	2,843,036	%69
12	Exposures in high-risk categories	26,184,354	558,407	26,038,425	292,442	38,891,920	%148
13	Covered Bonds	-	-	-	-	-	-
14	Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-
15	Exposures in the form of collective investment undertakings	29,268	-	29,268	-	29,268	%100
16	Shares	1,483,827	-	1,483,827	-	1,483,827	%100
17	Other exposures	30,385,322	-	27,825,888	-	12,704,488	%46
18	**Total**	**710,132,762**	**234,125,679**	**668,980,634**	**65,749,018**	**468,598,468**	**%64**

(Thousands of Turkish Lira (TL))

4.10.3.3.3 Consolidated exposures by asset classes and risk weights

	Regulatory portfolio *Current Period*	*0%*	*2%*	*10%*	*20%*	*25%*	*35%*	*50%*	*75%*	*100%*	*150%*	*250%*	*Others*	*Total risk amount (post-CCF and CRM)*
1	Exposures to sovereigns and their central banks	281,816,264	-	-	7,543,384	-	-	108,865	-	3,206,872.000	-	-	-	292,675,385
2	Exposures to regional and local government	-	-	-			-	2,446,756	-	36,267	-	-	-	2,483,023
3	Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-	-	-	1,011,642	-	-	-	1,011,642
4	Exposures to multilateral development banks	12	-	-	-	-	-	-	-	-	-	-	-	12
5	Exposures to international organizations	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Exposures to banks and brokerage houses	-	270,741	-	49,356,427	-	-	27,010,687	-	2,379,825	-	-	-	79,017,680
7	Exposures to corporates	-	-	-	36,053,441	-	-	24,632,418	5,954	314,453,734	-	-	-	375,145,547
8	Retail exposures	-	-	-	1,501	-		6,521	142,488,459	20,636,700	-	-	-	163,133,181
9	Exposures secured by residential property	-	-	-	-	-	23,959,587	-	-	-	-	-	-	23,959,587
10	Exposures secured by commercial property	-	-	-	-	-	-	13,383,106	-	4,519,553	-	-	-	17,902,659
11	Past-due items	-	-	-	-	-	-	4,041,725	-	900,533	-	-	-	4,942,258
12	Exposures in high-risk categories	-	-	-	-	-	-	533,023	-	142,662	42,002,530	-	32,676,117	75,354,332
13	Covered bonds	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Exposures in the form of collective investment undertakings	-	-	-	-	-	-	-	-	26,509	-	-	-	26,509
16	Shares	-	-	-	-	-	-	-	-	2,069,449	-	-	-	2,069,449
17	Other exposures	21,744,409	-	-	1,041	-	-	-	-	19,411,231	-	-	-	41,156,681
18	**Total**	**303,560,685**	**270,741**	**-**	**92,955,794**	**-**	**23,959,587**	**72,163,101**	**142,494,413**	**368,794,977**	**42,002,530**	**-**	**32,676,117**	**1,078,877,945**

(Thousands of Turkish Lira (TL))

	Regulatory portfolio *Priort Period*	*0%*	*2%*	*10%*	*20%*	*25%*	*35%*	*50%*	*75%*	*100%*	*150%*	*250%*	*Others*	*Total risk amount (post-CCF and CRM)*
1	Exposures to sovereigns and their central banks	172,863,106	-	-	4,189,276	-	-	77,140	-	2,184,883	-	-	-	179,314,405
2	Exposures to regional and local government	-	-	-	-	-	-	1,492,535	-	52,546	-	-	-	1,545,081
3	Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-	-	-	864,939	-	-	-	864,939
4	Exposures to multilateral development banks	45	-	-	-	-	-	-	-	-	-	-	-	45
5	Exposures to international organizations	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Exposures to banks and brokerage houses	-	406,040	-	25,085,169	-	-	21,591,688	-	1,233,466	-	-	-	48,316,363
7	Exposures to corporates	-	-	-	651,890	-	-	7,889,422	-	264,364,906	24,706	-	-	272,930,924
8	Retail exposures	-	-	-	12,208	-	-	2,392	123,391,834	13,447,825	-	-	-	136,854,259
9	Exposures secured by residential property	-	-	-	-	-	21,373,422	-	-	-	-	-	-	21,373,422
10	Exposures secured by commercial property	-	-	-	-	-	-	9,702,315	-	4,062,158	-	-	-	13,764,473
11	Past-due items	-	-	-	-	-	-	2,522,374	-	1,556,854	16,663	-	-	4,095,891
12	Exposures in high-risk categories	-	-	-	-	-	-	347,564	-	513,642	25,469,661	-	-	26,330,867
13	Covered bonds	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Exposures in the form of collective investment undertakings	-	-	-	-	-	-	-	-	29,268	-	-	-	29,268
16	Shares	-	-	-	-	-	-	-	-	1,483,827	-	-	-	1,483,827
17	Other exposures	15,120,773	-	-	779	-	-	-	-	12,704,336	-	-	-	27,825,888
18	**Total**	**187,983,924**	**406,040**	**-**	**29,939,322**	**-**	**21,373,422**	**43,625,430**	**123,391,834**	**302,498,650**	**25,511,030**	**-**	**-**	**734,729,652**

(Thousands of Turkish Lira (TL))

4.10.4 Consolidated counterparty credit risk

4.10.4.1 Qualitative disclosure on consolidated counterparty credit risk

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

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

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

4.10.4.2 Consolidated counterparty credit risk (CCR) approach analysis

	Current Period	*Replacement cost*	*Potential future exposure*	*EEPE(Effective Expected Positive Exposure)*	*Alpha used for computing regulatory EAD*	*EAD post-CRM*	*RWA*
1	Standardised Approach - CCR (for derivatives)	10,501,201	6,841,163		1.4	17,330,694	7,850,021
2	Internal Model Method (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)			-	-	-	-
3	Simple Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					-	-
4	Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					1,371,994	206,080
5	Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions					-	-
6	**Total**						**8,056,101**

(Thousands of Turkish Lira (TL))

	Prior Period	*Replacement cost*	*Potential future exposure*	*EEPE(Effective Expected Positive Exposure)*	*Alpha used for computing regulatory EAD*	*EAD post-CRM*	*RWA*
1	Standardised Approach - CCR (for derivatives)	12,600,494	5,188,104		1.4	17,751,091	14,110,822
2	Internal Model Method (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)			-	-	-	-
3	Simple Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					-	-
4	Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					2,131,997	495,147
5	Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions					-	-
6	**Total**						**14,605,969**

4.10.4.3 Consolidated capital requirement for credit valuation adjustment (CVA)

		Current Period		*Prior Period*	
		EAD post-CRM	*RWA*	*EAD post-CRM*	*RWA*
	Total portfolios subject to the Advanced CVA capital obligation	-	-	-	-
1	(i) VaR component (including the 3×multiplier)		-		-
2	(ii) Stressed VaR component (including the 3×multiplier)		-		-
3	All portfolios subject to the Standardised CVA capital obligation	17,098,529	5,653,947	17,439,936	12,145,974
4	**Total subject to the CVA capital obligation**	**17,098,529**	**5,653,947**	**17,439,936**	**12,145,974**

(Thousands of Turkish Lira (TL))

4.10.4.4 Consolidated CCR exposures by risk class and risk weights

Current Period	**Risk weight**									
Regulatory portfolio	***0%***	***2%***	***10%***	***20%***	***50%***	***75%***	***100%***	***150%***	***Other***	***Total credit exposure***
Exposures to sovereigns and their central banks	3,651,220	-	-	-	-	-	-	-	-	3,651,220
Exposures to regional and local governments	-	-	-	-	-	-	-	-	-	-
Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-	4	-	-	4
Exposures to multilateral development banks	549,099	-	-	-	-	-	-	-	-	549,099
Exposures to international organizations	-	-	-	-	-	-	-	-	-	-
Exposures to banks and brokerage houses	-	232,165	-	2,492,802	7,518,918	-	1,138	-	-	10,245,023
Exposures to corporates	30,100	18,124	-	350,107	246,345	-	3,556,962	-	-	4,201,638
Retail exposures	-	-	-	-	-	55,704	-	-	-	55,704
Other assets	-	-	-	-	-	-	-	-	-	-
Total	**4,230,419**	**250,289**	**-**	**2,842,909**	**7,765,263**	**55,704**	**3,558,104**	**-**	**-**	**18,702,688**

Prior Period	**Risk weight**									
Regulatory portfolio	***0%***	***2%***	***10%***	***20%***	***50%***	***75%***	***100%***	***150%***	***Other***	***Total credit exposure***
Exposures to sovereigns and their central banks	618,535	-	-	-	-	-	7,454,303	-	-	8,072,838
Exposures to regional and local governments	-	-	-	-	-	-	-	-	-	-
Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-	14	-	-	14
Exposures to multilateral development banks	207,693	-	-	-	-	-	-	-	-	207,693
Exposures to international organizations	-	-	-	-	-	-	-	-	-	-
Exposures to banks and brokerage houses	-	311,153	-	1,416,763	5,789,451	-	798	-	-	7,518,165
Exposures to corporates	-	10,138	-	823	197,017	-	3,841,508	-	-	4,049,486
Retail exposures	-	-	-	-	-	34,892	-	-	-	34,892
Other assets	-	-	-	-	-	-	-	-	-	-
Total	**826,228**	**321,291**	**-**	**1,417,586**	**5,986,468**	**34,892**	**11,296,623**	**-**	**-**	**19,883,088**

(Thousands of Turkish Lira (TL))

4.10.4.5 Collaterals for consolidated CCR

	Collateral for derivative transactions				*Collateral for other transactions*	
Current Period	*Fair value of collateral received*		*Fair value of collateral given*		*Fair value of collateral received*	*Fair value of collateral given*
	Segregated	*Unsegregated*	*Segregated*	*Unsegregated*		
Cash-domestic currency	8,822	-	-	-	25,451,018	230,393
Cash-foreign currency	2,848	-	-	-	8,647,383	-
Domestic sovereign debts	-	-	-	-	42,016	18,612,165
Other sovereign debts	-	-	-	-	-	1,864,084
Government agency debts	-	-	-	-		
Corporate debts	-	-	-	-	186,923	1,173,304
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	**11,670**	**-**	**-**	**-**	**34,327,340**	**21,879,946**

	Collateral for derivative transactions				*Collateral for other transactions*	
Prior Period	*Fair value of collateral received*		*Fair value of collateral given*		*Fair value of collateral received*	*Fair value of collateral given*
	Segregated	*Unsegregated*	*Segregated*	*Unsegregated*		
Cash-domestic currency	30,430	-	-	-	7,425,300	125,157
Cash-foreign currency	7,077	-	-	-	7,365,675	269,839
Domestic sovereign debts	-	-	-	-	35,564	2,849,774
Other sovereign debts	-	-	-	-	-	1,727,474
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	268,348	1,584,520
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	8,404,357
Total	**37,507**	**-**	**-**	**-**	**15,094,887**	**14,961,121**

4.10.4.6 Consolidated credit derivatives

	Current Period		*Prior Period*	
Notionals	***Protection bought***	***Protection sold***	***Protection bought***	***Protection sold***
Single-name credit default swaps	-	-	-	-
Index credit default swaps	-	-	-	-
Total return swaps	-	26,101,276	-	18,780,491
Credit options	-	-	-	-
Other credit derivatives	-	-	-	-
Total Notionals	**-**	**26,101,276**	**-**	**18,780,491**
Fair Values	-	(6,066,675)	-	(2,436,949)
Positive fair values (asset)	-	-	-	-
Negative fair values (liability)	-	(6,066,675)	-	(2,436,949)

(Thousands of Turkish Lira (TL))

4.10.4.7 Exposures to central counterparties

	Current Period		*Prior Period*	
	EAD (post-CRM)	*RWA*	*EAD (post-CRM)*	*RWA*
Exposures to QCCPs (total)		**5,006**		**6,426**
Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	-	-	-	-
(i) OTC derivatives	250,287	5,006	321,290	6,426
(ii) Exchange-traded derivatives	-	-	-	-
(iii) Securities financing transactions	-	-	-	-
(iv) Netting sets where cross-product netting has been approved	-	-	-	-
Segregated initial margin	-		-	
Non-segregated initial margin	-	-	-	-
Pre-funded default fund contributions	-	-	-	-
Unfunded default fund contributions	-	-	-	-
Exposures to non-QCCPs (total)		-		-
Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	-	-	-	-
(i) OTC derivatives	-	-	-	-
(ii) Exchange-traded derivatives	-	-	-	-
(iii) Securities financing transactions	-	-	-	-
(iv) Netting sets where cross-product netting has been approved	-	-	-	-
Segregated initial margin	-		-	
Non-segregated initial margin	-	-	-	-
Pre-funded default fund contributions	-	-	-	-

4.10.5 Consolidated securitisations

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

4.10.6 Consolidated market risk

4.10.6.1 Qualitative disclosure on consolidated market risk

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

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

The Market Risk function under Market and Structural Risk Department monitors the activities of Global Markets Trading Department via risk reports and the limits approved by the board of directors.

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

(Thousands of Turkish Lira (TL))

4.10.6.2 Consolidated market risk under standardised approach

		RWA (*)	
		Current Period	***Prior Period***
	Outright products	**47,706,387**	**34,541,500**
1	Interest rate risk (general and specific)	3,544,561	2,697,562
2	Equity risk (general and specific)	5,394,063	3,006,900
3	Foreign exchange risk	36,141,788	27,874,775
4	Commodity risk	2,625,975	962,263
	Options	**451,563**	**77,638**
5	Simplified approach	-	-
6	Delta-plus method	451,563	77,638
7	Scenario approach	-	-
8	Securitisation	-	-
9	**Total**	**48,157,950**	**34,619,138**

(*) According to "Bank Capital Regulation" article 10 paragraph 4, which published on Official Gazette dated 5th September 2013 and numbered 28756, banks calculated their consolidated capital with their consolidated insurance company investments as unconsolidated financial institutions if 9th article's 4th paragraph's (c) and (ç) items apply. Lesser of consolidated capital calculated according to 1st and 4th paragraphs is considered the consolidated capital according to this regulation. As the consolidated capital calculated including the insurance subsidiary is lesser, consolidated equity and the amounts subject to the market risk are calculated based on the consolidated financial statements including the insurance subsidiaries.

4.10.7 Consolidated operational risk

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

4.10.8 Consolidated banking book interest rate risk

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

(Thousands of Turkish Lira (TL))

5 Disclosures and Footnotes on Consolidated Financial Statements

5.1 Consolidated assets

5.1.1 Cash and Cash Equivalents

5.1.1.1 Cash and balances with Central Bank

	Current Period		*Prior Period*	
	TP	**FC**	**TP**	**FC**
Cash in TL/Foreign Currency	2,802,905	17,327,514	1,916,282	14,818,119
Central Bank of Turkey	41,577,099	82,048,145	11,613,904	91,085,992
Others	-	5,580,505	-	4,489,337
Total	**44,380,004**	**104,956,164**	**13,530,186**	**110,393,448**

Balances with the Central Bank of Turkey

	Current Period		*Prior Period*	
	TP	**FC**	**TP**	**FC**
Unrestricted Demand Deposits	34,472,202	1,476,266	11,613,904	32,119,361
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	7,104,897	80,571,879	-	58,966,631
Total	**41,577,099**	**82,048,145**	**11,613,904**	**91,085,992**

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 October 1, 2021.

The required reserve rates for TL liabilities vary between 3% and 8% for TL deposits and other liabilities according to their maturities as of 30 June 2022 (31 December 2021: 3% and 8% for all TL liabilities); the reserve rates for foreign currency liabilities vary between 5% and 26% for deposit and other foreign currency liabilities according to their maturities as of 30 June 2022 (31 December 2021: 5% and 26% for all foreign currency liabilities).

Within the scope of the Communiqué No. 2021/14 on Supporting the Conversion of TL Deposit and Participation Accounts, the conversion rate from foreign currency deposit accounts in USD, EUR and GBP and participation fund accounts in foreign currency to TL time deposit and participation funds is 10% in TL for real and legal persons as of the obligation date of 15 April 2022; for banks that have reached 10% for real persons, 20% for legal entities as of the obligation date of 8 July 2022, and 20% for real persons and 20% for legal persons as of the date of 2 September 2022 has been decided not to apply the annual commission on the part of the amount required to be kept for their liabilities until the end of 2022. The practice of charging double commission from banks that could not reach the conversion rate determined as of 2 September 2022 was canceled, and the commission rate was increased from 1.5% to 5% as of the commitment date of 8 July 2022

5.1.1.2 Banks

	Current Period		*Prior Period*	
	TP	**FC**	**TP**	**FC**
Banks				
Domestic banks	890,576	1,176,233	860,874	372,686
Foreign banks	202,234	81,589,681	489,746	57,480,237
Foreign head office and branches	-	-	-	-
Total	**1,092,810**	**82,765,914**	**1,350,620**	**57,852,923**

(Thousands of Turkish Lira (TL))

The placements at foreign banks include blocked accounts amounting TL 18,816,164 (31 December 2021: TL 20,499,346) of which TL 8,655,498 (31 December 2021: TL 5,937,765) kept at the central banks of Malta, TL 454,146 (31 December 2021: TL 368,848) kept at Turkish Republic of Northern Cyprus and TL 9,706,520 (31 December 2021: TL 14,192,733) kept at various banks as collateral.

Furthermore, there are restricted deposits at various domestic banks amounting TL 533,801 (31 December 2021: TL 566,270) as required for insurance activities.

Due from foreign banks

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

5.1.1.3 Receivables from reserve repo transactions

	Current Period		*Prior Period*	
	TL	**FC**	**TL**	**FC**
Domestic Transactions	**43,026**	**-**	**30,560,571**	**-**
Central Bank of Turkey	-	-	-	-
Banks	42,016	-	30,235,884	-
Others	1,010	-	324,687	-
Foreign Transactions	**-**	**23,515,385**	**-**	**3,347,068**
Central banks	-	-	-	-
Banks	-	23,515,385	-	3,347,068
Others	-	-	-	-
Total	**43,026**	**23,515,385**	**30,560,571**	**3,347,068**

5.1.1.4 Expected credit losses for cash and cash equivalents

Current Period	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
Balances at Beginning of Period	**237,052**	**-**	**-**	**237,052**
Additions during the Period (+)	1,086,387	12,716	-	1,099,103
Disposal (-)	(991,432)	(8,779)	-	(1,000,211)
Transfer to Stage1	-	-	-	-
Transfer to Stage 2	(15)	15	-	-
Transfer to Stage 3	-	-	-	-
Foreign Currency Differences	41,100	2,371	-	43,471
Balances at End of Period	**373,092**	**6,323**	**-**	**379,415**

Prior Period	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
Balances at Beginning of Period	**422,394**	**-**	**-**	**422,394**
Additions during the Period (+)	1,222,428	-	-	1,222,428
Disposal (-)	(1,457,247)	-	-	(1,457,247)
Transfer to Stage1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Foreign Currency Differences	49,477	-	-	49,477
Balances at End of Period	**237,052**	**-**	**-**	**237,052**

(Thousands of Turkish Lira (TL))

5.1.2 Financial assets 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

	Current Period		*Prior Period*	
	TL	**FC**	**TL**	**FC**
Collateralised/Blocked Assets	888	481,078	207,113	346,809
Assets Subject to Repurchase Agreements	-	-	-	-
Total	**888**	**481,078**	**207,113**	**346,809**

5.1.2.2 Financial assets measured at fair value through profit or loss

	Current Period		*Prior Period*	
	TL	**FC**	**TL**	**FC**
Government Securities	531,110	906,166	1,022,981	726,919
Equity Securities	2,174,643	91,144	1,027,247	99,701
Other Financial Assets (*)	15,372	609,122	841	4,961,344
Total	**2,721,125**	**1,606,432**	**2,051,069**	**5,787,964**

(*)As of 31 March 2022, 192.500.000.000 Group A registered shares representing 55% of the share capital of Türk Telekomünikasyon A.Ş. owned by LYY Telekomünikasyon A.Ş. were sold to the Turkey Wealth Fund, and as a result of the collection made from the sale amount, the portion of the related loan amounting to USD 324,997,068, corresponding to the Bank's share, was closed. In addition, the loan receivables of the related loan 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 as of 30 June 2022 as stated in Note 3.8.5 in accordance with "the amendment with respect to the regulation on the Principles and Procedures Regarding the Classification of Loans and Reserves Set Aside for These Loans".

5.1.3 Financial assets measured at fair value through other comprehensive income

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

	Current Period		*Prior Period*	
	TL	**FC**	**TL**	**FC**
Collateralised/Blocked Assets	9,505,664	5,334,223	6,087,520	7,093,000
Assets subject to Repurchase Agreements	11,112,919	1,590,269	3,164,455	1,934,356
Total	**20,618,583**	**6,924,492**	**9,251,975**	**9,027,356**

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

	Current Period	*Prior Period*
Debt Securities	**58,911,041**	**47,354,108**
Quoted at Stock Exchange	58,911,041	47,354,108
Unquoted at Stock Exchange	-	-
Common Shares/Investment Fund	**12,653**	**11,492**
Quoted at Stock Exchange	4,491	4,491
Unquoted at Stock Exchange	8,162	7,001
Value Increase/Impairment Losses (-)	**22,411,575**	**8,380,698**
Total	**81,335,269**	**55,746,298**

Expected losses of TL 144,065 (31 December 2021: TL 52,353) are accounted under shareholders' equity for financial assets measured at fair value through other comprehensive income.

(Thousands of Turkish Lira (TL))

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	365,527	86,156	815,864	28,818
Swap Transactions	6,751,102	4,038,554	13,545,112	2,312,911
Futures	-	1,606	-	-
Options	48,243	184,059	127,147	49,460
Others	-	1,213	-	585
Total	**7,164,872**	**4,311,588**	**14,488,123**	**2,391,774**

5.1.4.2 Positive differences on derivative financial instruments held for hedging purpose

Derivative Financial Assets Held for Hedging Purpose	*Current Period*		*Prior Period*	
	TL	**FC**	**TL**	**FC**
Fair Value Hedges	-	31,912	24,699	-
Cash Flow Hedges	503,525	647,470	785,592	99,881
Net Foreign Investment Hedges	-	-	-	-
Total	**503,525**	**679,382**	**810,291**	**99,881**

As of 30 June 2022, 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	61,898,377	697,756	10,899	70,217,655	342,442	705,223
-TL	6,860,001	57,363	736	9,610,000	259,139	41,211
-FC	55,038,376	640,393	10,163	60,607,655	83,303	664,012
Cross Currency Swaps	935,511	352,021	8,034	3,488,320	439,357	62,957
-TL	246,090	346,018	8,034	241,643	437,676	-
-FC	689,421	6,003	-	3,246,677	1,681	62,957
Currency Forwards	825,380	100,323	17,915	1,173,459	117,291	3,984
-TL	186,092	100,144	-	305,650	113,476	-
-FC	639,288	179	17,915	867,809	3,815	3,984
Interest Rate Options	562,550	32,807	-	750,565	11,082	-
-TL	-	-	-	-	-	-
-FC	562,550	32,807	-	750,565	11,082	-
Total	**64,221,818**	**1,182,907**	**36,848**	**75,629,999**	**910,172**	**772,164**

(Thousands of Turkish Lira (TL))

5.1.4.3 Fair value hedge accounting

Current Period

Hedging Item	Hedged Item	Type of Risk	Fair Value Change of Hedged Item	Net Fair Value Change of Hedging Item		Income Statement Effect (gains/losses from derivative financial instruments)
				Asset	Liability	
Interest Rate Swaps	Fixed-rate commercial loans	Interest rate risk	(1,769)	1,225	-	13,964
Interest Rate Swaps	Fixed-rate mortgage loans	Interest rate risk	-	-	-	-
Interest Rate Swaps	Fixed-rate securities	Interest rate risk	(63,968)	30,687	(5,774)	(28,752)
Cross Currency Swaps	Fixed-rate securities	Interest rate and foreign currency exchange rate risk	-	-	-	-

Prior Period

Hedging Item	Hedged Item	Type of Risk	Fair Value Change of Hedged Item	Net Fair Value Change of Hedging Item		Income Statement Effect (gains/losses from derivative financial instruments)
				Asset	Liability	
Interest Rate Swaps	Fixed-rate commercial loans	Interest rate risk	(22,791)	24,699	(2,023)	14,396
Interest Rate Swaps	Fixed-rate mortgage loans	Interest rate risk	-	-	-	-
Interest Rate Swaps	Fixed-rate securities	Interest rate risk	335,070	-	(389,725)	(2,802)
Cross Currency Swaps	Fixed-rate securities	Interest rate and foreign currency exchange rate risk	-	-	-	64,211

(Thousands of Turkish Lira (TL))

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 Income Statement in the Period**	**Ineffective Portion (net) Accounted under Income Statement**
			Asset	**Liability**			
Interest Rate Swaps	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates	36,176	(1,420)	102,407	(31,383)	(15,053)
Interest Rate Swaps	Floating-rate deposit	Cash flow risk resulted from change in market interest rates	627,568	(3,705)	527,391	(102,023)	74,562
Cross Currency Swaps	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	331,380	(8,034)	(13,821)	(4,387)	10
Cross Currency Swaps	Fixed-rate funds borrowed	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	20,641	-	408	(2,087)	-
Currency Forwards	Mile payments	Cash flow risk resulted from foreign currency exchange rates	100,144	-	36,683	-	-
Currency Forwards	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	179	(17,915)	(16,877)	15,138	-
Interest Rate Options	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	32,807	-	(14,035)	-	-
Interest Rate Swaps	Floating-rate securities	Cash flow risk resulted from foreign currency exchange rates	2,100	-	2,986	2,672	-
Spot Position	Mile payments	Cash flow risk resulted from foreign currency exchange rates	-	-	84,736	-	-

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 (88,516) and the amount recognized in equity is TL (36,104).

(Thousands of Turkish Lira (TL))

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 Income Statement in the Period	Ineffective Portion (net) Accounted under Income Statement
			Asset	Liability			
Interest Rate Swaps	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates	-	(70,129)	26,004	(43,043)	(4,338)
Interest Rate Swaps	Floating-rate deposit	Cash flow risk resulted from change in market interest rates	317,743	(204,336)	562,576	129,670	54,829
Cross Currency Swaps	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	398,750	-	(16,483)	(12,909)	28
Cross Currency Swaps	Fixed-rate funds borrowed	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	40,607	(62,957)	2,419	(2,809)	-
Currency Forwards	Mile payments	Cash flow risk resulted from foreign currency exchange rates	113,476	-	113,476	-	-
Currency Forwards	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	3,815	(3,984)	(571)	795	-
Interest Rate Options	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	11,082	-	8,726	-	-
Interest Rate Swaps	Floating-rate securities	Cash flow risk resulted from foreign currency exchange rates	-	(39,010)	9,924	22,764	(905)

As of December 31,2021, the amount reclassified from the shareholders' equity to the statement of profit or loss due to the ceased hedging transactions is TL (63,349) and the amount recognized in equity is TL 73,422.

(Thousands of Turkish Lira (TL))

5.1.5 Loans

5.1.5.1 Loans and advances to shareholders and employees of the Bank

	Current Period		*Prior Period*	
	Cash Loans	**Non-Cash Loans**	**Cash Loans**	**Non-Cash Loans**
Direct Lendings to Shareholders	-	**2,043,028**	-	**1,817,495**
Corporates	-	2,043,028	-	1,817,495
Individuals	-	-	-	-
Indirect Lendings to Shareholders	**110,249**	**37,231**	**84,500**	**189,593**
Loans to Employees	**700,901**	**57**	**577,456**	**72**
Total	**811,150**	**2,080,316**	**661,956**	**2,007,160**

5.1.5.2 Performing loans and loans under follow-up including restructured loans, and provisions allocated for such loans
Loans measured at amortised cost

Current Period		**Loans under Follow-up**		
Cash Loans (*)	**Performing Loans**	**Non-restructured**	**Restructured**	
			Revised Contract Terms	**Refinanced**
Loans	**528,043,294**	**40,640,786**	**25,882,265**	**20,404,374**
Working Capital Loans	78,978,914	5,439,574	1,112,485	9,731,552
Export Loans	50,869,485	3,542,136	89,888	147,343
Import Loans	14,630,149	-	-	-
Loans to Financial Sector	20,761,057	11,405	-	-
Consumer Loans	101,052,700	9,216,977	2,137,966	70,703
Credit Cards	60,265,469	7,182,285	196,622	-
Others	201,485,520	15,248,409	22,345,304	10,454,776
Specialization Loans	-	-	-	-
Other Receivables	**17,417,514**	**1,320,374**	**677,471**	**37,513**
Total	**545,460,808**	**41,961,160**	**26,559,736**	**20,441,887**

(*) Non-performing loans are not included.

Prior Period		**Loans under Follow-up**		
Cash Loans (*)	**Performing Loans**	**Non-restructured**	**Restructured**	
			Revised Contract Terms	**Refinanced**
Loans	**391,524,686**	**41,128,085**	**24,025,963**	**18,622,413**
Working Capital Loans	63,329,690	5,127,228	1,162,338	8,914,648
Export Loans	42,712,881	3,125,527	170,593	274,861
Import Loans	992,623	-	-	-
Loans to Financial Sector	16,600,919	204,277	-	-
Consumer Loans	85,788,205	9,607,263	2,861,705	73,851
Credit Cards	43,739,852	5,063,379	760,164	-
Others	138,360,516	18,000,411	19,071,163	9,359,053
Specialization Loans	-	-	-	-
Other Receivables	**14,245,706**	**895,197**	**651,673**	**24,383**
Total	**405,770,392**	**42,023,282**	**24,677,636**	**18,646,796**

(*) Non-performing loans are not included.

(Thousands of Turkish Lira (TL))

Current Period	Corporate/ Commercial Loans		Consumer Loans		Financial Lease		Factoring		Total	
	TL	FC	TL	FC	TL	FC	TL	FC	TL	FC
Performing Loans (Stage 1)	196,847,413	184,837,848	132,667,405	13,674,701	3,732,941	9,081,697	3,452,418	1,166,385	336,700,177	208,760,631
Loans under Follow-up (Stage 2)	15,593,660	54,262,101	15,278,138	1,793,527	156,364	1,878,296	697	-	31,028,859	57,933,924
Total Stage 1 and 2 Loans	**212,441,073**	**239,099,949**	**147,945,543**	**15,468,228**	**3,889,305**	**10,959,993**	**3,453,115**	**1,166,385**	**367,729,036**	**266,694,555**
Expected Credit losses-Stage 1-2 (-)	3,792,162	15,081,776	1,269,636	234,974	62,565	387,876	10,123	593	5,134,486	15,705,219
Total Non-performing Loans	13,170,971	1,911,315	3,235,752	484,089	190,486	853,566	50,082	24,748	16,647,291	3,273,718
Expected Credit losses-Stage 3 (-)	9,334,577	1,360,539	1,949,603	395,712	161,030	534,768	40,745	24,745	11,485,955	2,315,764

Prior Period	Corporate/ Commercial Loans		Consumer Loans		Financial Lease		Factoring		Total	
	TL	FC	TL	FC	TL	FC	TL	FC	TL	FC
Performing Loans (Stage 1)	125,163,779	146,722,382	107,972,550	11,650,063	2,564,847	7,553,313	2,834,268	1,309,190	238,535,444	167,234,948
Loans under Follow-up (Stage 2)	15,318,170	51,500,834	15,695,416	1,262,026	193,600	1,373,229	4,439	-	31,211,625	54,136,089
Total Stage 1 and 2 Loans	**140,481,949**	**198,223,216**	**123,667,966**	**12,912,089**	**2,758,447**	**8,926,542**	**2,838,707**	**1,309,190**	**269,747,069**	**221,371,037**
Expected Credit losses-Stage 1-2 (-)	2,787,105	12,595,095	1,315,114	173,108	73,000	312,227	10,526	935	4,185,745	13,081,365
Total Non-performing Loans	5,311,940	8,812,126	2,794,499	385,933	167,803	803,492	49,136	19,567	8,323,378	10,021,118
Expected Credit losses-Stage 3 (-)	3,883,947	5,636,462	1,654,233	322,411	136,768	492,262	39,384	19,567	5,714,332	6,470,702

	Current Period		*Prior Period*	
	Performing Loans	**Loans Under Follow-Up**	**Performing Loans**	**Loans Under Follow-Up**
12-Month ECL (Stage 1)	4,573,998	-	2,937,910	-
Significant Increase in Credit Risk (Stage 2)	-	16,265,707	-	14,329,200

As of 30 June 2022, loans amounting to TL 5,720,408 are benefited as collateral under funding transactions (31 December 2021: TL 4,936,289).

Collaterals received for loans under follow-up

Current Period	Corporate / Commercial Loans	Consumer Loans	Credit Cards	Total
Loans Collateralized by Cash	1,500,120	24,192	-	1,524,312
Loans Collateralized by Mortgages / Shares/ Credit Guarantee Fund Sureties	27,334,948	2,635,272	-	29,970,220
Loans Collateralized by Pledged Assets	12,420,865	141,853	-	12,562,718
Loans Collateralized by Cheques and Notes	182,488	3,761	-	186,249
Loans Collateralized by Other Collaterals	22,387,258	7,289,143	-	29,676,401
Unsecured Loans	6,332,551	1,331,425	7,378,907	15,042,883
Total	**70,158,230**	**11,425,646**	**7,378,907**	**88,962,783**

Prior Period	Corporate / Commercial Loans	Consumer Loans	Credit Cards	Total
Loans Collateralized by Cash	2,428,351	50,950	-	2,479,301
Loans Collateralized by Mortgages / Shares/ Credit Guarantee Fund Sureties	29,775,928	2,947,747	-	32,723,675
Loans Collateralized by Pledged Assets	11,317,960	198,775	-	11,516,735
Loans Collateralized by Cheques and Notes	249,494	6,122	-	255,616
Loans Collateralized by Other Collaterals	19,359,068	8,448,715	-	27,807,783
Unsecured Loans	3,850,551	890,510	5,823,543	10,564,604
Total	**66,981,352**	**12,542,819**	**5,823,543**	**85,347,714**

(Thousands of Turkish Lira (TL))

Delinquency periods of loans under follow-up

Current Period	**Corporate / Commercial Loans**	**Consumer Loans**	**Credit Cards**	**Total**
31-60 days	332,984	896,060	237,429	1,466,473
61-90 days	3,274,255	328,240	87,888	3,690,383
Other	66,550,991	10,201,346	7,053,590	83,805,927
Total	**70,158,230**	**11,425,646**	**7,378,907**	**88,962,783**

Prior Period	**Corporate / Commercial Loans**	**Consumer Loans**	**Credit Cards**	**Total**
31-60 days	288,545	1,021,012	205,503	1,515,060
61-90 days	328,962	405,865	103,266	838,093
Other	66,363,845	11,115,942	5,514,774	82,994,561
Total	**66,981,352**	**12,542,819**	**5,823,543**	**85,347,714**

5.1.5.3 Maturity analysis of cash loans

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

(Thousands of Turkish Lira (TL))

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

Current Period	**Short-Term**	**Medium and Long-Term**	**Total**
Consumer Loans – TL	**4,791,440**	**86,777,620**	**91,569,060**
Housing Loans	45,635	25,021,956	25,067,591
Automobile Loans	185,771	3,111,165	3,296,936
General Purpose Loans	4,560,034	58,644,499	63,204,533
Others	-	-	-
Consumer Loans – FC-indexed	**-**	**146,023**	**146,023**
Housing Loans	-	146,023	146,023
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Others	-	-	-
Consumer Loans – FC	**2,747,003**	**11,808,250**	**14,555,253**
Housing Loans	454,944	7,303,567	7,758,511
Automobile Loans	-	15,356	15,356
General Purpose Loans	785,983	2,583,199	3,369,182
Others	1,506,076	1,906,128	3,412,204
Retail Credit Cards – TL	**49,708,816**	**188,801**	**49,897,617**
With Installment	22,733,777	188,801	22,922,578
Without Installment	26,975,039	-	26,975,039
Retail Credit Cards – FC	**745,773**	**5,951**	**751,724**
With Installment	-	-	-
Without Installment	745,773	5,951	751,724
Personnel Loans – TL	**56,028**	**209,916**	**265,944**
Housing Loan	-	327	327
Automobile Loans	-	180	180
General Purpose Loans	56,028	209,409	265,437
Others	-	-	-
Personnel Loans - FC-indexed	**-**	**-**	
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Others	-	-	-
Personnel Loans – FC	**21,226**	**116,492**	**137,718**
Housing Loans	5,306	60,443	65,749
Automobile Loans	-	-	-
General Purpose Loans	10,514	44,874	55,388
Others	5,406	11,175	16,581
Personnel Credit Cards – TL	**261,941**	**610**	**262,551**
With Installment	99,541	610	100,151
Without Installment	162,400	-	162,400
Personnel Credit Cards – FC	**13,367**	**63**	**13,430**
With Installment	-	-	-
Without Installment	13,367	63	13,430
Deposit Accounts– TL (Real Persons)	**5,783,090**	**-**	**5,783,090**
Deposit Accounts– TL (Personnel)	**21,258**	**-**	**21,258**
Deposit Accounts– FC (Real Persons)	**-**	**-**	**-**
Total	**64,149,942**	**99,253,726**	**163,403,668**

(Thousands of Turkish Lira (TL))

Prior Period	Short-Term	Medium and Long-Term	Total
Consumer Loans – TL	**2,656,866**	**79,155,724**	**81,812,590**
Housing Loans	27,930	25,280,926	25,308,856
Automobile Loans	202,670	2,205,953	2,408,623
General Purpose Loans	2,426,266	51,668,845	54,095,111
Others	-	-	-
Consumer Loans – FC-indexed	**-**	**159,261**	**159,261**
Housing Loans	-	159,261	159,261
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Others	-	-	-
Consumer Loans – FC	**2,279,253**	**9,898,564**	**12,177,817**
Housing Loans	412,538	6,323,265	6,735,803
Automobile Loans	339	17,151	17,490
General Purpose Loans	632,524	2,093,772	2,726,296
Others	1,233,852	1,464,376	2,698,228
Retail Credit Cards – TL	**37,235,731**	**182,542**	**37,418,273**
With Installment	17,286,717	182,542	17,469,259
Without Installment	19,949,014	-	19,949,014
Retail Credit Cards – FC	**617,223**	**5,356**	**622,579**
With Installment	-	-	-
Without Installment	617,223	5,356	622,579
Personnel Loans – TL	**40,277**	**192,755**	**233,032**
Housing Loan	-	399	399
Automobile Loans	-	-	-
General Purpose Loans	40,277	192,356	232,633
Others	-	-	-
Personnel Loans - FC-indexed	**-**	**-**	**-**
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Others	-	-	-
Personnel Loans – FC	**14,798**	**107,492**	**122,290**
Housing Loans	4,491	54,083	58,574
Automobile Loans	-	-	-
General Purpose Loans	8,807	40,126	48,933
Others	1,500	13,283	14,783
Personnel Credit Cards – TL	**194,448**	**493**	**194,941**
With Installment	66,422	493	66,915
Without Installment	128,026	-	128,026
Personnel Credit Cards – FC	**9,425**	**141**	**9,566**
With Installment	-	-	-
Without Installment	9,425	141	9,566
Deposit Accounts– TL (Real Persons)	**3,808,407**	**-**	**3,808,407**
Deposit Accounts– TL (Personnel)	**17,627**		**17,627**
Deposit Accounts– FC (Real Persons)		**-**	**-**
Total	**46,874,055**	**89,702,328**	**136,576,383**

(Thousands of Turkish Lira (TL))

5.1.5.5 Installment based commercial loans and corporate credit cards

Current Period	Short-Term	Medium and Long-Term	Total
Installment-based Commercial Loans – TL	**2,641,079**	**21,254,297**	**23,895,376**
Real Estate Loans	18,036	1,012,052	1,030,088
Automobile Loans	1,068,764	10,231,675	11,300,439
General Purpose Loans	1,554,279	10,010,570	11,564,849
Others	-	-	-
Installment-based Commercial Loans - FC-indexed	-	**94,140**	**94,140**
Real Estate Loans	-	37,057	37,057
Automobile Loans	-	385	385
General Purpose Loans	-	56,698	56,698
Others	-	-	-
Installment-based Commercial Loans – FC	**6,755,895**	**10,801,054**	**17,556,949**
Real Estate Loans	-	-	-
Automobile Loans	1,470	1,282,796	1,284,266
General Purpose Loans	760	91,896	92,656
Others	6,753,665	9,426,362	**16,180,027**
Corporate Credit Cards – TL	**16,211,610**	**425,606**	**16,637,216**
With Installment	8,335,124	425,606	8,760,730
Without Installment	7,876,486	-	7,876,486
Corporate Credit Cards – FC	**81,838**	-	**81,838**
With Installment	-	-	-
Without Installment	81,838	-	81,838
Deposit Accounts– TL (Corporates)	**3,630,795**	-	**3,630,795**
Deposit Accounts– FC (Corporates)	-	-	-
Total	**29,321,217**	**32,575,097**	**61,896,314**

(Thousands of Turkish Lira (TL))

Prior Period	Short-Term	Medium and Long-Term	Total
Installment-based Commercial Loans – TL	**1,379,259**	**16,509,497**	**17,888,756**
Real Estate Loans	5,772	917,076	922,848
Automobile Loans	423,952	7,368,245	7,792,197
General Purpose Loans	949,535	8,224,176	9,173,711
Others	-	-	-
Installment-based Commercial Loans - FC-indexed	**-**	**165,120**	**165,120**
Real Estate Loans	-	49,357	49,357
Automobile Loans	-	4,701	4,701
General Purpose Loans	-	111,062	111,062
Others	-	-	-
Installment-based Commercial Loans – FC	**5,922,813**	**8,101,610**	**14,024,423**
Real Estate Loans	5,921,878	6,831,566	12,753,444
Automobile Loans	935	1,157,872	1,158,807
General Purpose Loans	-	112,172	112,172
Others	-	-	-
Corporate Credit Cards – TL	**11,009,417**	**264,358**	**11,273,775**
With Installment	5,707,835	264,358	5,972,193
Without Installment	5,301,582	-	5,301,582
Corporate Credit Cards – FC	**44,261**	**-**	**44,261**
With Installment	-	-	-
Without Installment	44,261	-	44,261
Deposit Accounts– TL (Corporates)	**2,371,137**	**-**	**2,371,137**
Deposit Accounts– FC (Corporates)	**-**	**-**	**-**
Total	**20,726,887**	**25,040,585**	**45,767,472**

5.1.5.6 Allocation of loans by customers (*)

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

5.1.5.7 Allocation of domestic and foreign loans (*)

	Current Period	*Prior Period*
Domestic Loans	558,964,557	428,416,741
Foreign Loans	75,459,034	62,701,365
Total	**634,423,591**	**491,118,106**

(*) Non-performing loans are not included.

5.1.5.8 Loans to associates and subsidiaries

	Current Period	*Prior Period*
Direct Lending	368,299	535,798
Indirect Lending	-	-
Total	**368,299**	**535,798**

(Thousands of Turkish Lira (TL))

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

	Current Period	*Prior Period*
Substandard Loans- Limited Collectability	1,334,264	1,226,102
Doubtful Loans	1,179,759	813,154
Uncollectible Loans	11,287,696	10,145,778
Total	**13,801,719**	**12,185,034**

5.1.5.10 Non-performing loans (NPLs) (net)

Non-performing loans and loans restructured from this category

	Group III	**Group IV**	**Group V**
	Substandard Loans	**Doubtful Loans**	**Uncollectible Loans**
Current Period			
(Gross amounts before provisions)	561,534	749,390	7,603,119
Restructured Loans and Receivables	561,534	749,390	7,603,119
Prior Period			
(Gross amounts before provisions)	503,797	435,067	6,454,052
Restructured Loans and Receivables	503,797	435,067	6,454,052

Movements in non-performing loan groups

	Group III	**Group IV**	**Group V**
Current Period	**Substandard Loans**	**Doubtful Loans**	**Uncollectible Loans**
Balances at End of Prior Period	**2,228,286**	**1,489,971**	**14,626,239**
Additions during the Period (+)	2,240,415	30,017	7,703,708
Transfer from Other NPL Categories (+)	23,090	1,965,975	1,211,855
Transfer to Other NPL Categories (-)	1,980,783	1,202,713	17,424
Collections during the Period (-)	517,436	364,113	1,352,775
Write down /Write-offs (-)(*)	159	-	7,753,750
Debt Sale (-)(**)	-	-	189,978
Corporate and Commercial Loans	-	-	35,023
Retail Loans	-	-	109,883
Credit Cards	-	-	45,072
Other (***)	-	-	(123,549)
Foreign Currency Differences	187,951	31,175	1,685,007
Balances at End of Period	**2,181,364**	**1,950,312**	**15,789,333**
Provisions (-)	1,334,264	1,179,759	11,287,696
Net Balance on Balance Sheet	**847,100**	**770,553**	**4,501,637**

(Thousands of Turkish Lira (TL))

Prior Period	**Group III** **Substandard Loans**	**Group IV** **Doubtful Loans**	**Group V** **Uncollectible Loans**
Balances at End of Prior Period	**762,405**	**969,800**	**14,386,107**
Additions during the Period (+)	1,594,056	2,385,467	549,865
Transfer from Other NPL Categories (+)	93,779	361,458	1,765,854
Transfer to Other NPL Categories (-)	370,494	1,787,997	62,600
Collections during the Period (-)	335,334	523,207	2,150,724
Write down /Write-offs (-)(*)	5,148	1,376	3,494,468
Debt Sale (-) (**)	-	-	665,407
Corporate and Commercial Loans	-	-	272,257
Retail Loans	-	-	254,627
Credit Cards	-	-	138,523
Other (***)	-	-	(602,424)
Foreign Currency Differences	489,022	85,826	4,900,036
Balances at End of Period	**2,228,286**	**1,489,971**	**14,626,239**
Provisions (-)	1,226,102	813,154	10,145,778
Net Balance on Balance Sheet	**1,002,184**	**676,817**	**4,480,461**

(*)As of 30 June 2022, Bank's consolidated subsidiaries, has also written down "Group V Loan" (Loans Classified as Loss) amounting to TL 19,203,841 (31 Aralık 2021: TL 10,569,823). During the period, the non-performing loan ratio of the Group calculated as 5.81% (31 December 2020: 5.56%) by taking into account the written-off loans in accordance with the amendment on the relevant Provisions Regulation instead of 3.04% (31 December 2020: 3.60%). LYY Telekomünikasyon A.Ş. amounting to TL USD 459,033,539 (TL 7,576,349) has been transferred as non-performing loans and has been written-down at the same time.

(**) All consists of sale of non-performing loans.

(***) As of 30 June 2022, includes receivables of 123,549 TL (31 December 2021: 602,424 TL), which have been reclassifed to non-defaulted status.

Non-performing loans in foreign currencies

	Group III **Substandard Loans and Receivables**	**Group IV** **Doubtful Loans and Receivables**	**Group V** **Uncollectible Loans and Receivables**
Current Period			
Balance at End of Period	**1,224,801**	**328,510**	**10,897,281**
Provisions (-)	832,075	259,302	7,567,440
Net Balance at Balance Sheet	**392,726**	**69,208**	**3,329,841**
Prior Period			
Balance at End of Period	**1,242,488**	**328,660**	**9,446,833**
Provisions (-)	784,036	200,796	6,297,050
Net Balance at Balance Sheet	**458,452**	**127,864**	**3,149,783**

(Thousands of Turkish Lira (TL))

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)	**847,100**	**770,553**	**4,501,637**
Loans to Individuals and Corporates (Gross)	2,142,709	1,926,652	15,730,165
Provision (-)	1,313,679	1,170,812	11,230,856
Loans to Individuals and Corporates (Net)	829,030	755,840	4,499,309
Banks (Gross)	-	-	-
Provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	38,655	23,660	59,168
Provision (-)	20,585	8,947	56,840
Other Loans and Receivables (Net)	18,070	14,713	2,328
Prior Period (Net)	**1,002,184**	**676,817**	**4,480,461**
Loans to Individuals and Corporates (Gross)	2,179,743	1,483,122	14,574,582
Provision (-)	1,204,572	809,359	10,098,433
Loans to Individuals and Corporates (Net)	975,171	673,763	4,476,149
Banks (Gross)	-	-	-
Provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	48,543	6,849	51,657
Provision (-)	21,530	3,795	47,345
Other Loans and Receivables (Net)	27,013	3,054	4,312

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

	Group III	Group IV	Group V
	Substandard Loans	**Doubtful Loans**	**Uncollectible Loans**
Current Period (Net)	**35,734**	**66,729**	**239,070**
Interest accruals and valuation differences	83,484	155,785	809,466
Provision (-)	47,750	89,056	570,396
Prior Period (Net)	**49,726**	**71,045**	**250,966**
Interest accruals and valuation differences	97,491	153,795	960,743
Provision (-)	47,765	82,750	709,777

(Thousands of Turkish Lira (TL))

Collaterals received for non-performing loans

Current Period	Corporate/ Commercial Loans	Consumer Loans	Credit Cards	Total
Loans Collateralized by Cash	11,172	720	-	11,892
Loans Collateralized by Mortgages	8,945,265	190,161	-	9,135,426
Loans Collateralized by Pledged Assets	1,832,946	18,904	-	1,851,850
Loans Collateralized by Cheques and Notes	136,284	1,595	-	137,879
Loans Collateralized by Other Collaterals	2,479,302	2,347,563	-	4,826,865
Unsecured Loans	2,582,080	459,085	915,932	3,957,097
Total	**15,987,049**	**3,018,028**	**915,932**	**19,921,009**

Prior Period	Corporate/ Commercial Loans	Consumer Loans	Credit Cards	Total
Loans Collateralized by Cash	18,912	607	-	19,519
Loans Collateralized by Mortgages	8,517,506	258,724	-	8,776,230
Loans Collateralized by Pledged Assets	1,681,535	34,602	-	1,716,137
Loans Collateralized by Cheques and Notes	138,005	1,879	-	139,884
Loans Collateralized by Other Collaterals	2,030,588	1,934,551	-	3,965,139
Unsecured Loans	2,569,707	367,333	790,547	3,727,587
Total	**14,956,253**	**2,597,696**	**790,547**	**18,344,496**

5.1.5.11 *Expected credit loss for loans*

Current Period	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
Balances at End of Prior Period	**2,937,910**	**14,329,200**	**12,185,034**	**29,452,144**
Additions during the Period (+)	4,767,253	3,787,021	8,964,736	17,519,010
Disposal (-)	(4,986,098)	(2,124,240)	(1,168,930)	(8,279,268)
Debt Sale (-)	-	(76,193)	(189,978)	(266,171)
Write-offs (-)	-	-	(7,753,909)	(7,753,909)
Transfer to Stage1	2,034,073	(2,029,703)	(4,370)	-
Transfer to Stage 2	(440,440)	524,314	(83,874)	-
Transfer to Stage 3	(9,901)	(522,578)	532,479	-
Foreign Currency Differences	271,201	2,377,886	1,320,531	3,969,618
Balances at End of Period	**4,573,998**	**16,265,707**	**13,801,719**	**34,641,424**

Prior Period	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
Balances at End of Prior Period	**2,189,211**	**8,564,468**	**10,215,084**	**20,968,763**
Additions during the Period (+)	4,672,571	9,110,670	3,074,673	16,857,914
Disposal (-)	(5,388,472)	(5,138,799)	(1,635,436)	(12,162,707)
Debt Sale (-)	-	(8,191)	(654,887)	(663,078)
Write-offs (-)	-	-	(3,499,529)	(3,499,529)
Transfer to Stage1	1,869,814	(1,861,372)	(8,442)	-
Transfer to Stage 2	(705,111)	885,154	(180,043)	-
Transfer to Stage 3	(18,396)	(1,492,548)	1,510,944	-
Foreign Currency Differences	318,293	4,269,818	3,362,670	7,950,781
Balances at End of Period	**2,937,910**	**14,329,200**	**12,185,034**	**29,452,144**

(Thousands of Turkish Lira (TL))

5.1.5.12 Liquidation policy for uncollectible 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".

5.1.5.13 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 (Net)

5.1.6.1 Financial lease receivables according to remaining maturities (*)

	Current Period		*Prior Period*	
	Gross	**Net**	**Gross**	**Net**
Less than 1 Year	6,403,303	5,491,339	5,385,955	4,685,636
Between 1-5 Years	9,917,683	8,983,832	7,418,480	6,740,126
Longer than 5 Years	386,012	374,127	270,567	259,227
Total	**16,706,998**	**14,849,298**	**13,075,002**	**11,684,989**

(*) Non-performing loans are not included.

5.1.6.2 Net financial lease receivables (*)

	Current Period	*Prior Period*
Gross Financial Lease Receivables	16,706,998	13,075,002
Unearned Income on Financial Lease Receivables (-)	(1,857,700)	(1,390,013)
Terminated Lease Contracts (-)	-	-
Net Financial Lease Receivables	**14,849,298**	**11,684,989**

(*) Non-performing loans are not included.

5.1.6.3 Financial lease agreements

Criteria applied for financial lease agreements

The customer applied for a financial lease is evaluated based on the lending policies and criteria taking into account the legal legislation. A "customer analysis report" according to the type and amount of the application is prepared for the evaluation of the customer by the Credit Committee and certain risk rating models such as "customer risk rating" and "equipment rating/scoring" are applied.

In compliance with the legal legislation and the authorization limits of the General Manager, Credit Committee and Board of Directors, it is decided whether the loan will be granted considering the financial position and the qualitative characteristics of the customer and the criteria mentioned above. In case of compliance with these factors it is assessed which conditions will be applied. At this stage, collaterals such as bank guarantees, mortgages, asset pledges, promissory notes or personal or corporate guarantees, may be required depending on the creditworthiness of the customer and the characteristics of the product to be sold.

The sectoral, equipment type and pledged asset concentration of the customers are monitored regularly.

Details monitored subsequent to signing of financial lease agreements

Subsequent to granting of loan, the fulfillment of monetary aspects such as lending procedures and timely collection of rental payments are monitored. Furthermore, updated information on the performance of companies is reported by the Credit Monitoring Unit even for the performing customers.

The reports prepared by the Credit Monitoring Unit for the performing companies and the assessments made by the administration follow-up and the legal units for the problematic companies, are presented to the top management following the assessments made by the related internal committees and the necessary actions are taken.

(Thousands of Turkish Lira (TL))

5.1.7 Factoring 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".

5.1.8 Financial assets measured at amortised cost

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

	Current Period		*Prior Period*	
	TL	**FC**	**TL**	**FC**
Collateralised/Blocked Investments	15,447,364	9,207,128	17,162,403	14,028,300
Investments subject to Repurchase Agreements	10,626,313	386,852	4,014,558	1,175,157
Total	**26,073,677**	**9,593,980**	**21,176,961**	**15,203,457**

5.1.8.2 Government securities measured at amortised cost

	Current Period	*Prior Period*
Government Bonds	71,180,248	39,941,957
Treasury Bills	175,206	135,878
Other Government Securities	-	-
Total	**71,355,454**	**40,077,835**

5.1.8.3 Financial assets measured at amortised cost

	Current Period	*Prior Period*
Debt Securities	**61,444,161**	**32,424,403**
Quoted at Stock Exchange	61,156,166	32,210,039
Unquoted at Stock Exchange	287,995	214,364
Valuation Increase / (Decrease)	**10,033,800**	**7,742,644**
Total	**71,477,961**	**40,167,047**

5.1.8.4 Movement of financial assets measured at amortised cost

	Current Period	*Prior Period*
Balances at Beginning of Period	**40,167,047**	**33,238,911**
Foreign Currency Differences on Monetary Assets	7,442,756	8,083,310
Purchases during the Period	23,774,582	654,660
Disposals through Sales/Redemptions	(2,197,580)	(3,986,707)
Valuation Effect	2,291,156	2,176,873
Balances at End of Period	**71,477,961**	**40,167,047**

(Thousands of Turkish Lira (TL))

5.1.8.5 Expected credit loss for financial assets measured at amortised cost

Current Period	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
Balances at End of Prior Period	**47,183**	-	-	**47,183**
Additions during the Period (+)	130,379	-	-	130,379
Disposal (-)	(6,755)	-	-	(6,755)
Transfer to Stage1	-	-	-	
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Foreign Currency Differences	16,859	-	-	16,859
Balances at End of Period	**187,666**	-	-	**187,666**

Prior Period	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
Balances at End of Prior Period	**167,283**	-	-	**167,283**
Additions during the Period (+)	21,557	-	-	21,557
Disposal (-)	(157,338)	-	-	(157,338)
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Foreign Currency Differences	15,681	-	-	15,681
Balances at End of Period	**47,183**	-	-	**47,183**

5.1.9 Assets held for sale and assets of discontinued operations

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

	Current Period	*Prior Period*
End of Prior Period		
Cost	**596,163**	**943,435**
Accumulated Depreciation (-)	**(10,215)**	**(11,682)**
Net Book Value	**585,948**	**931,753**
End of Current Period		
Additions	146,128	226,380
Disposals (Cost)	(229,036)	(606,189)
Disposals (Accumulated Depreciation)	1,563	1,467
Reversal of Impairment / Impairment Losses	3,791	25,089
Depreciation Expense for Current Period (-)	-	-
Currency Translation Differences on Foreign Operations	2,521	7,448
Cost	**519,567**	**596,163**
Accumulated Depreciation (-)	**(8,652)**	**(10,215)**
Net Book Value	**510,915**	**585,948**

(Thousands of Turkish Lira (TL))

5.1.9.2 Investments in subsidiaries and associates to be disposed

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

(*)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. As explained the details before the capital increase in Note 5.1.2.2 , 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.

(Thousands of Turkish Lira (TL))

5.1.10 Investments in associates

5.1.10.1 Unconsolidated investments in associates

	Associates	Address (City/ Country)	Parent Bank's Share – If Different, Voting Rights (%)	Bank Risk Group's Share (%)
1	Emeklilik Gözetim Merkezi AŞ(1)	İstanbul/Turkey	-	6.25
2	Bankalararası Kart Merkezi AŞ (1)	İstanbul/Turkey	4.98	4.98
3	Yatırım Finansman Menkul Değerler AŞ (1)	İstanbul/Turkey	0.77	0.77
4	İstanbul Takas ve Saklama Bankası AŞ (1)	İstanbul/Turkey	4.95	4.97
5	Borsa İstanbul AŞ (2)	İstanbul/Turkey	0.30	0.34
6	Kredi Kayıt Bürosu AŞ ("KKB") (1)	İstanbul/Turkey	9.09	9.09
7	Türkiye Cumhuriyet Merkez Bankası AŞ (2)	Ankara/ Turkey	2.48	2.48
8	Kredi Garanti Fonu AŞ (2)	Ankara/ Turkey	1.49	1.49
9	JCR Avrasya Derecelendirme AŞ(2)	İstanbul/Turkey	2.86	2.86
10	Birleşik İpotek Finansmanı AŞ (1)	İstanbul/Turkey	8.33	8.33

	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	21,369	12,963	4,760	222	3	1,982	1,287	-
2	523,295	425,003	102,640	12,822	-	53,059	27,999	-
3	2,451,695	251,330	11,685	7,464	1,116	22,085	30,572	-
4	51,378,119	3,515,863	137,934	220,580	46,011	282,254	217,507	-
5	48,592,331	6,073,643	630,443	348,746	-	1,754,959	1,242,390	-
6	640,044	144,049	327,673	6,577	320	16,137	14,770	-
7	2,496,216,496	65,962,045	925,593	121,429,271	10,201,824	57,483,159	34,497,932	-
8	1,282,376	980,197	20,547	87,519	-	199,221	157,125	-
9	104,324	86,888	31,176	4,486	-	58,825	2,467	-
10	60,080	56,943	3,026	1,872	-	4,570	895	-

(1) Financial information is as of 31 March 2022.
(2) Financial information is as of 31 December 2021.
(*) Total fixed assets include tangible and intangible assets.

Unconsolidated investments in associates sold during the current period

None.

Unconsolidated investments in associates acquired during the current period

None.

5.1.10.2 Consolidated investments in associates

None.

5.1.10.3 Movement of consolidated investments in associates

None.

Valuation methods of consolidated investments in associates

None.

Sectoral distribution of consolidated investments and associates

None.

Quoted consolidated investments in associates

None.

Investments in associates sold during the current period

None.

Investments in associates acquired during the current period

None.

(Thousands of Turkish Lira (TL))

5.1.11 Investments in subsidiaries (net)

Information on capital adequacy of major subsidiaries

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	2,373,525	7,597,608	357,848	517,159	13,750
Share Premium	-	224,592	-	-	-
Share Cancellation Profits	-	-	-	-	-
Legal Reserves	1,303,536	715,689	952,933	-	-
Other Comprehensive Income according to TAS	7,073,345	4,780	-	(9,749)	-
Current and Prior Periods' Profits	297,478	362,864	1,720,852	429,139	486,827
Minority interest	-	-	-	-	46,863
Common Equity Tier I Capital Before Deductions	**11,047,884**	**8,905,533**	**3,031,633**	**1,463,093**	**1,554,421**
Deductions From Common Equity Tier I Capital					
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	88,723	2,124,833	1,949	3,149	1,018
Leasehold Improvements on Operational Leases (-)	-	557	-	604	1,604
Goodwill and Other Intangible Assets and Related Deferred Taxes (-)	84,638	911,989	17,756	37,756	6,073
Net Deferred Tax Asset/Liability (-)	-	-	-	-	-
Total Deductions from Common Equity Tier I Capital	**173,361**	**3,037,379**	**19,705**	**41,509**	**8,695**
Total Common Equity Tier I Capital	**10,874,523**	**5,868,154**	**3,011,928**	**1,421,584**	**1,545,726**
Total Deductions From Tier I Capital	-	-	-	-	-
Total Tier I Capital	**10,874,523**	**5,868,154**	**3,011,928**	**1,421,584**	**1,545,726**
TIER II CAPITAL	-	**173,104**	-	-	-
TOTAL CAPITAL	**10,874,523**	**6,041,258**	**3,011,928**	**1,421,584**	**1,545,726**

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	2,036,498	6,516,625	357,848	517,159	13,750
Share Premium	-	192,637	-	-	-
Share Cancellation Profits	-	-	-	-	-
Legal Reserves	1,117,850	367,760	792,783	291,383	798,171
Other Comprehensive Income according to TAS	5,879,634	165,935	-	2,082	-
Current and Prior Periods' Profits	180,110	321,459	190,151	635,160	508,315
Minority interest	-	-	-	-	40,040
Common Equity Tier I Capital Before Deductions	**9,214,092**	**7,564,416**	**1,340,782**	**1,445,784**	**1,360,276**
Deductions From Common Equity Tier I Capital					
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	9,422	1,624,004	1,751	8,613	1,014
Leasehold Improvements on Operational Leases (-)	-	705	-	784	1,850
Goodwill and Other Intangible Assets and Related Deferred Taxes (-)	80,154	784,086	17,284	37,455	3,622
Net Deferred Tax Asset/Liability (-)	-	-	-	-	-
Total Deductions from Common Equity Tier I Capital	**89,576**	**2,408,795**	**19,035**	**46,852**	**6,486**
Total Common Equity Tier I Capital	**9,124,516**	**5,155,621**	**1,321,747**	**1,398,932**	**1,353,790**
Total Deductions From Tier I Capital	-	-	-	-	-
Total Tier I Capital	**9,124,516**	**5,155,621**	**1,321,747**	**1,398,932**	**1,353,790**
TIER II CAPITAL	-	**148,458**	-	-	-
TOTAL CAPITAL	**9,124,516**	**5,304,079**	**1,321,747**	**1,398,932**	**1,353,790**

(Thousands of Turkish Lira (TL))

The Parent Bank does not have any capital requirement for its subsidiaries included in the calculation of its consolidated capital adequacy standard ratio.

5.1.11.1 Unconsolidated investments in subsidiaries

	Subsidiaries	Address (City/ Country)	Parent Bank's Share – If Different, Voting Rights (%)	Bank Risk Group's Share (%)
1	Garanti Bilişim Teknolojisi ve Tic. TAŞ	Istanbul/Turkey	100.00	100.00
2	Garanti Kültür AŞ	Istanbul/Turkey	100.00	100.00
3	Garanti Konut Finansmanı Danışmanlık Hiz. AŞ	Istanbul/Turkey	100.00	100.00
4	Trifoi Real Estate Company	Bucharest/Romania	-	100.00
5	Motoractive Multi Services SRL	Bucharest/Romania	-	100.00
6	Garanti Filo Yönetim Hizmetleri AŞ	Istanbul/Turkey	-	100.00
7	Garanti Filo Sigorta Aracılık Hizmetleri AŞ	Istanbul/Turkey	-	100.00
8	Garanti Yazılım Teknolojileri A.Ş. (*)	Istanbul/Turkey	50.00	100.00

(*)Garanti Yazilim Teknolojileri A.Ş was established as an incorporated company with a 50-50% partnership of the Parent Bank and Garanti Ödeme Sistemleri A.Ş, adopting the registered capital system with a total capital of TL 10,000 to operate in payment systems and electronic money issuance.

The financial information presented in the below table is as of 30 June 2022.

	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	Amount of Equity Requirement
1	15,138	14,984	-	-	-	(850)	8,196	-	-
2	4,918	2,019	659	-	-	54	26	-	-
3	5,317	3,754	-	337		(248)	531	-	-
4	20,743	3,287	20,729	-	-	(7)	(4)	-	-
5	159,778	57,377	148,430	3	-	6,390	1,575	-	-
6	4,396,324	1,483,013	4,104,596	4,138	-	484,616	283,325	-	-
7	3,381	2,450	-	297	-	885	724	-	-
8	9,597	10,000	-	6	-	(403)	-	-	-

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

Unconsolidated subsidiaries, reasons for not consolidating such investments and accounting treatments applied for such investments

The companies which are not included within the scope of consolidation due to not being financial subsidiaries are accounted for equity method as defined in TAS 28 "Investments in Associates and Joint Ventures"

(Thousands of Turkish Lira (TL))

5.1.11.2 *Movement of consolidated investments in subsidiaries*

	Current Period	*Prior Period*
Balances at Beginning of Period	**19,862,618**	**11,812,435**
Movements during the Period	**3,495,106**	**8,091,604**
Acquisitions (**)	-	547,841
Bonus Shares Received	-	-
Dividends from Current Year Profit	2,437,585	2,429,954
Sales/Liquidations	-	-
Reclassifications	-	-
Value Increase/Decrease (*)	(1,333,084)	(297,747)
Currency Differences on Foreign Subsidiaries	2,390,605	5,411,556
Reversal of Impairment Losses / Impairment Losses (-)	-	-
Balances at End of Period	**23,357,724**	**19,904,039**
Capital Commitments	-	-
Share Percentage at the End of Period (%)	-	-

(*) Except for quoted subsidiaries, value increases / (decreases) are based on the results of equity accounting application.

Valuation methods of consolidated investments in subsidiaries

	Current Period	*Prior Period*
Valued at Cost	-	-
Valued at Fair Value (*)	23,357,724	19,904,039

(*) The amounts recognized in the equity accounting application are included in the unconsolidated financial statement of the Bank.

Sectoral distribution of consolidated investments in subsidiaries

	Current Period	*Prior Period*
Banks	10,937,959	9,177,916
Insurance Companies	1,239,856	1,220,282
Factoring Companies	393,182	282,948
Leasing Companies	3,091,142	2,401,343
Finance Companies	7,630,491	6,780,130
Other Subsidiaries	65,094	41,420

Quoted consolidated investments in subsidiaries

	Current Period	*Prior Period*
Quoted at Domestic Stock Exchanges	395,689	285,859
Quoted at International Stock Exchanges	-	-

(Thousands of Turkish Lira (TL))

Other information on consolidated investments in subsidiaries

	Subsidiaries	Address (City/ Country)	Parent Bank's Share – If Different, Voting Rights (%)	Shares of Other Consolidated Subsidiaries (%)	Method of Consolidation
1	Garanti Finansal Kiralama AŞ	Istanbul/Turkey	100.00	-	Full Consolidation
2	Garanti Faktoring AŞ	Istanbul/Turkey	81.84	-	Full Consolidation
3	Garanti Yatırım Menkul Kıymetler AŞ	Istanbul/Turkey	100.00	-	Full Consolidation
4	Garanti Portföy Yönetimi AŞ	Istanbul/Turkey	100.00	-	Full Consolidation
5	Garanti Emeklilik ve Hayat AŞ	Istanbul/Turkey	84.91	-	Full Consolidation
6	Garanti Bank International NV	Amsterdam/the Netherlands	100.00	-	Full Consolidation
7	Garanti Holding BV	Amsterdam/the Netherlands	100.00	-	Full Consolidation
8	G Netherlands BV	Amsterdam/the Netherlands	-	100.00	Full Consolidation
9	Garanti Bank SA	Bucharest/Romania	-	100.00	Full Consolidation
10	Motoractive IFN SA	Bucharest/Romania	-	100.00	Full Consolidation
11	Ralfi IFN SA	Bucharest/Romania	-	100.00	Full Consolidation
12	Garanti Yatırım Ortaklığı AŞ	Istanbul / Turkey	-	3.61	Full Consolidation
13	Garanti Ödeme Sistemleri AŞ	Istanbul/Turkey	100.00	-	Full Consolidation

The financial information presented in the below table is as of 30 June 2022.

	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	13,693,031	3,093,128	24,185	569,991	-	730,542	391,165	-
2	4,792,227	480,454	17,131	496,445	-	135,249	64,995	-
3	3,445,024	1,509,151	30,622	51,431	52,191	488,601	317,033	-
4	286,453	225,878	2,709	16,031	413	59,337	31,254	-
5	3,584,730	1,459,944	41,740	163,949	82,601	428,716	308,966	-
6	74,014,815	10,966,034	614,754	700,809	-	297,481	86,766	-
7	6,813,010	6,812,459	-	-	-	(676)	(85)	-
8	5,635,494	5,632,854	-	-	-	(1,437)	(16,254)	-
9	42,854,988	5,751,539	1,182,195	689,867	110,099	318,374	165,052	-
10	3,275,122	638,406	20,253	85,229	-	27,286	13,273	-
11	2,504,776	349,855	29,154	80,568	-	(6,796)	4,958	-
12	49,028	48,169	436	249	680	7,094	923	69,440
13	102,407	64,919	389	4,291	-	23,492	7,854	-

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

Garanti Yatırım Ortaklığı AŞ that Garanti Yatırım participated by 3.61%, is consolidated in the accompanying consolidated financial statements under full consolidation method due to the company's right to elect all the members of the Board of Directors as resulted from its privilege in election of board members.

Consolidated investments in subsidiaries disposed during the current period

None.

Consolidated investments in subsidiaries acquired during the current period

None.

5.1.12 Investments in joint-ventures (net)

None.

(Thousands of Turkish Lira (TL))

5.1.13 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".

5.1.14 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".

5.1.15 Investment property

	Current Period	*Prior Period*
Net Book Value at Beginning of Period	**652,633**	**561,525**
Additions	-	-
Disposals	(66,924)	(23,930)
Transfers	-	68,660
Fair Value Change	698,370	46,378
Net Currency Translation Differences on Foreign Subsidiaries	-	-
Net Book Value at End of Period	**1,284,079**	**652,633**

The investment property is held for operational leasing purposes. The Bank and its financial subsidiaries account their 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.

5.1.16 Deferred tax asset

As of 30 June 2022, on a consolidated basis the Bank has a deferred tax asset of TL 6,428,830 (31 December 2021: TL 4,443,291) calculated as the net amount remaining after netting of tax deductible timing differences and taxable timing differences in its consolidated financial statements.

As of 30 June 2022, deferred tax assets of TL 9,417,204 (31 December 2021: TL 6,927,465) 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 in the accompanying consolidated financial statements, with a deferred tax liability of TL 2,988,374 (31 December 2021: TL 2,484,174) 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.

For the cases where the differences between the carrying values and the taxable values of assets subject to tax are related with certain items on the shareholders' equity accounts, the deferred taxes are charged or credited directly to these accounts.

	Current Period		***Prior Period***	
	Tax Base	**Deferred Tax Amount**	**Tax Base**	**Deferred Tax Amount**
Provisions (*)(**)	2,790,282	687,858	9,145,055	2,061,737
Stages 1&2 Credit Losses	22,758,078	5,518,324	18,086,583	3,722,429
Differences between the Carrying Values and Taxable Values of Financial Assets (***)	2,285,258	625,730	(5,885,651)	(1,306,444)
Revaluation Differences on Real Estates	(4,364,709)	(651,726)	(2,445,233)	(299,704)
Other	960,591	248,644	1,113,545	265,273
Deferred Tax Asset	**24,429,500**	**6,428,830**	**20,014,299**	**4,443,291**

(*) Consists of reserve for employee benefits, provision for promotion expenses of credit cards and other provisions.
(**) Includes the deferred tax effect arising from valuation of loans measured at fair value through profit or loss.
(***) Calculations are performed at the relevant tax rates applicable in the country of the foreign branches and subsidiaries' financial assets.

(Thousands of Turkish Lira (TL))

5.1.17 Other Assets

	Current Period		*Prior Period*	
	TL	**FC**	**TL**	**FC**
Derivative Assets (Derivative Guarantees)	718,616	4,071,329	726,002	4,439,594
Receivables From Clearing Transactions	10,276,491	145,625	7,015,825	58,404
Prepaid Expenses	5,678,285	99,789	3,125,661	72,701
Cash Guarantees Given	544,466	416,369	323,767	427,917
Receivables From Forward Sale of Assets	65,137	-	105,137	-
Other	8,571,244	1,093,144	1,374,278	555,735
Total	**25,854,239**	**5,826,256**	**12,670,670**	**5,554,351**

(Thousands of Turkish Lira (TL))

5.2 Consolidated liabilities

5.2.1 Maturity profile of deposits

Current Period	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulating Deposit Accounts	Total
Saving Deposits	**40,989,963**	**-**	**8,860,181**	**100,442,328**	**7,728,533**	**2,075,501**	**4,851,255**	**1,245**	**164,949,006**
Foreign Currency Deposits	**250,360,506**	**-**	**31,383,513**	**106,112,034**	**9,623,080**	**12,914,789**	**12,490,973**	**49,996**	**422,934,891**
Residents in Turkey	199,767,929	-	23,977,982	91,939,507	4,916,148	2,948,530	2,377,547	49,141	**325,976,784**
Residents in Abroad	50,592,577	-	7,405,531	14,172,527	4,706,932	9,966,259	10,113,426	855	**96,958,107**
Public Sector Deposits	**3,026,505**	**-**	**5,030**	**32,003**	**740**	**9**	**-**	**-**	**3,064,287**
Commercial Deposits	**29,474,626**	**-**	**23,391,956**	**10,336,308**	**19,207,258**	**15,873,397**	**2,629,243**	**-**	**100,912,788**
Others	**561,936**	**-**	**975,139**	**1,674,723**	**54,918**	**2,271,779**	**1,451,965**	**-**	**6,990,460**
Precious Metal Deposits	**36,765,070**	**-**	**-**	**320,762**	**306,416**	**38,749**	**715,350**	**-**	**38,146,347**
Bank Deposits(*)	**8,846,313**	**-**	**877,512**	**148,686**	**65,781**	**696**	**43,902**	**-**	**9,982,890**
Central Bank of Turkey	994,744	-	-	-	-	-	-	-	994,744
Domestic Banks	32,912	-	18,406	-	-	-	-	-	51,318
Foreign Banks	1,081,007	-	859,106	148,686	65,781	696	43,902	-	2,199,178
Special Financial Institutions	6,737,650	-	-	-	-	-	-	-	6,737,650
Others	-	-	-	-	-	-	-	-	-
Total(**)	**370,024,919**	**-**	**65,493,331**	**219,066,844**	**36,986,726**	**33,174,920**	**22,182,688**	**51,241**	**746,980,669**

Prior Period	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulating Deposit Accounts	Total
Saving Deposits	**30,817,001**	**-**	**6,117,225**	**58,157,604**	**7,075,790**	**1,746,292**	**3,622,706**	**1,376**	**107,537,994**
Foreign Currency Deposits	**210,989,901**	**-**	**23,563,586**	**102,552,237**	**8,159,284**	**11,982,144**	**12,272,291**	**47,644**	**369,567,087**
Residents in Turkey	172,086,215	-	18,255,876	93,953,612	3,476,059	3,499,048	2,569,677	47,002	293,887,489
Residents in Abroad	38,903,686	-	5,307,710	8,598,625	4,683,225	8,483,096	9,702,614	642	75,679,598
Public Sector Deposits	**1,860,052**	**-**	**505,436**	**37,023**	**1,164**	**3,655**	**-**	**-**	**2,407,330**
Commercial Deposits	**17,720,598**	**-**	**27,097,547**	**10,222,193**	**291,276**	**918,279**	**2,319,085**	**-**	**58,568,978**
Others	**515,192**	**-**	**1,015,882**	**2,671,082**	**95,455**	**771,005**	**4,303,923**	**-**	**9,372,539**
Precious Metal Deposits	**31,632,551**	**-**	**-**	**190,945**	**334,124**	**46,781**	**717,867**	**-**	**32,922,268**
Bank Deposits(*)	**1,770,159**	**-**	**608,434**	**71,763**	**-**	**4,155**	**2,719**	**-**	**2,457,230**
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	14,350	-	1,171	-	-	-	-	-	15,521
Foreign Banks	632,663	-	607,263	71,763	-	4,155	2,719	-	1,318,563
Special Financial Institutions	1,123,146	-	-	-	-	-	-	-	1,123,146
Others	-	-	-	-	-	-	-	-	-
Total(**)	**295,305,454**	**-**	**58,908,110**	**173,902,847**	**15,957,093**	**15,472,311**	**23,238,591**	**49,020**	**582,833,426**

(*) Interbank precious metal accounts are in the Precious Metal Deposits line.
(**) As of 30.06.2022, the Bank has a total of TL 111,379,753 (31 December 2020: TL 7,547,261) foreign exchange-protected deposit instrument of which TL 51,954,588 (31 December 2020: TL 180,250) opened within the scope of the "Communiqué on Supporting the Conversion of Turkish Lira Deposit and Participation Accounts" published by the CBRT in the Official Gazette dated 21 December 2021 and numbered 31696, TL 59,425,165 (31 December 2020: TL 7,367,011) 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 7,119,273 (31 December 2020: TL 806,578) 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.

(Thousands of Turkish Lira (TL))

5.2.1.1 Saving deposits insured by Saving Deposit Insurance Fund

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

	Covered by Deposit Insurance Over Deposit Insurance Limit		**Over Deposit Insurance Limit**	
	Current Period	***Prior Period***	***Current Period***	***Prior Period***
Saving Deposits	67,792,083	48,035,586	93,033,881	57,893,404
Foreign Currency Saving Deposits	91,597,196	73,569,591	207,449,067	182,239,637
Other Saving Deposits	15,844,830	11,769,763	20,723,872	18,449,894
Foreign Branches' Deposits Under Foreign Insurance Coverage	2,612,704	2,167,033	190	554
Off-Shore Branches' Deposits Under Foreign Insurance Coverage	-	-		-

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 Saving deposits not covered by insurance limits

5.2.1.3.1 Saving deposits of individuals not covered by insurance limits:

	Current Period	***Prior Period***
Deposits and Other Accounts held at Foreign Branches	33,851	31,208
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	184,339	224,675
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	-	-

5.2.2 Funds borrowed

Information on funds borrowed is as follows;

	Current Period		***Prior Period***	
	TL	**FC**	**TL**	**FC**
Central Bank of Turkey	-	-	-	-
Domestic Banks and Institutions	3,308,174	2,610,441	2,655,860	4,600,883
Foreign Banks, Institutions and Funds	77,458	41,500,447	116,121	36,253,865
Total	**3,385,632**	**44,110,888**	**2,771,981**	**40,854,748**

5.2.2.1 Maturities of funds borrowed

	Current Period		***Prior Period***	
	TL	**FC**	**TL**	**FC**
Short-Term	1,849,471	4,322,220	1,783,110	3,885,996
Medium and Long-Term	1,536,161	39,788,668	988,871	36,968,752
Total	**3,385,632**	**44,110,888**	**2,771,981**	**40,854,748**

5.2.2.2 Disclosures for concentration areas of bank's liabilities

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

(Thousands of Turkish Lira (TL))

5.2.3 Money market funds

Information on obligations under repurchase agreements classified in money market funds is as follows;

	Current Period		*Prior Period*	
	TL	**FC**	**TL**	**FC**
Domestic Transactions	**25,476,623**	**-**	**7,431,549**	**-**
Financial Institutions and Organizations	25,418,863	-	7,376,780	-
Other Institutions and Organizations	37,335	-	35,365	-
Individuals	20,425	-	19,404	-
Foreign Transactions	**24**	**6,605,857**	**79**	**6,822,614**
Financial Institutions and Organizations	-	6,605,857	-	6,822,614
Other Institutions and Organizations	-	-	-	-
Individuals	24	-	79	-
Total	**25,476,647**	**6,605,857**	**7,431,628**	**6,822,614**

5.2.4 Securities issued

Current Period	**TL**		**FC**	
	Short-Term	**Medium and Long-Term**	**Short-Term**	**Medium and Long-Term**
Nominal	999,945	1,982,241	160,920	27,312,183
Cost	939,876	1,836,174	160,920	27,183,404
Carrying Value (*)	954,913	834,589	161,569	24,689,878

Prior Period	**TL**		**FC**	
	Short-Term	**Medium and Long-Term**	**Short-Term**	**Medium and Long-Term**
Nominal	4,750,629	2,084,836	-	22,029,586
Cost	4,579,306	2,059,074	-	21,927,096
Carrying Value (*)	4,673,647	998,260	-	19,972,964

(*) The Bank and/or its financial subsidiaries repurchased the Bank's own TL securities with a total face value of TL1,515,573 and foreign currency securities with a total face value of USD 187,399,736 (31 December 2021: TL 1,366,573 and USD 186,897,575) and netted off such securities in the accompanying consolidated financial statements.

5.2.5 Information about financial liabilities measured at fair value through profit or loss

	Current Period		*Prior Period*	
	TL	**FC**	**TL**	**FC**
Securities Issued	-	25,300,921	-	24,183,368
Total	**-**	**25,300,921**	**-**	**24,183,368**

In accordance with TFRS 9, the Bank classified a part of borrowings obtained through securitisations amounting to USD 1,958,232,143 (31 December 2021: USD 2,112,303,572) as financial liability at fair value through profit/loss at the initial recognition in order to eliminate the accounting mismatch.

As of 30 June 2022, the accumulated fair value change of the related financial liability amounted to TL 7,570,846 (31 December 2021: TL 3,769,054) and the corresponding gain/loss recognised in the statement of profit/loss amounted to TL 3,801,792 (30 June 2021: TL 348,950). The carrying value of the related financial liability amounted to TL 25,300,921 (31 December 2021: TL 24,183,368).

(Thousands of Turkish Lira (TL))

5.2.6 Derivative financial liabilities

5.2.6.1 Negative differences on derivative financial liabilities measured at FVTPL

Information on negative differences on derivative financial liabilities measured at FVTPL classified in derivative financial liabilities is as follows;

	Current Period		*Prior Period*	
	TL	**FC**	**TL**	**FC**
Forward Transactions	1,071,044	72,345	1,875,277	32,051
Swap Transactions	5,575,275	10,946,673	4,903,698	5,687,300
Futures	-	-	-	933
Options	174,318	69,700	131,667	25,164
Others	-	1,094	-	481
Total	**6,820,637**	**11,089,812**	**6,910,642**	**5,745,929**

5.2.6.2 Derivative financial liabilities held for hedging purpose

Information on negative differences on derivative financial liabilities held for hedging purposes classified in derivative financial liabilities is as follows;

Derivative Financial Liabilities Held for Hedging Purpose	*Current Period*		*Prior Period*	
	TL	**FC**	**TL**	**FC**
Fair Value Hedges	-	5,774	-	391,748
Cash Flow Hedges	8,770	22,304	41,211	339,205
Net Foreign Investment Hedges	-	-	-	-
Total	**8,770**	**28,078**	**41,211**	**730,953**

Please refer to Note 5.1.4.2 for financial liabilities resulted from derivatives held for hedging purpose.

5.2.7 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".

5.2.8 Lease payables

5.2.8.1 Operational lease agreements

	Current Period		*Prior Period*	
	Gross	**Net**	**Gross**	**Net**
Less than 1 Year	486,445	359,932	385,205	283,202
Between 1-5 Years	907,763	665,702	782,852	571,420
Longer than 5 Years	329,184	225,684	318,617	215,416
Total	**1,723,392**	**1,251,318**	**1,486,674**	**1,070,038**

As of 30 June 2022, the weighted average of the incremental borrowing interest rates applied to TL, EUR, USD and RON lease liabilities presented in the statement of financial position of the Group are 20%, 1.8%, 3.8% and 5.4% (31 December 2021:18.8%, 1.9%, 6.9% and 4.4%) respectively.

(Thousands of Turkish Lira (TL))

5.2.9 Provisions

5.2.9.1 Reserve for employee severance indemnity

	Current Period	*Prior Period*
Balances at Beginning of Period	**948,873**	**767,506**
Provision for the Period	136,183	161,030
Actuarial Gain/Loss	-	79,432
Payments During the Period	(37,603)	(59,095)
Balances at End of Period	**1,047,453**	**948,873**

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

None (31 December 2021: None).

5.2.9.3 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”.

5.2.9.4 Other provisions

	Current Period	*Prior Period*
Reserve for Employee Benefits	2,209,910	2,017,903
Insurance Technical Provisions, Net	1,731,651	1,361,847
Provision for Promotion Expenses of Credit Cards	378,182	292,804
Provision for Lawsuits	458,787	440,744
Provision for Non-Cash Loans	4,041,180	2,930,483
Other Provisions(*)	7,698,343	7,676,242
Total	**16,518,053**	**14,720,023**

(*) Includes total general reserve of TL 7,500,000 (31 December 2021: TL 7,500,000) consisting of recognized as expense in the prior periods.

Recognized Liability for Defined Benefit Plan Obligations

The Bank obtained an actuarial report dated 5 January 2022 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 6,538,417 at 31 December 2021 as details are given in the table below.

Furthermore, an actuarial report was prepared as of 31 December 2021 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 5 January 2022 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 3,360,883 remains as of 31 December 2021 as details are given in the table below.

(Thousands of Turkish Lira (TL))

	31 December 2021	*31 December 2020*
Transferable Pension and Medical Benefits:		
Net present value of pension benefits transferable to SSF	(3,605,978)	(2,200,812)
Net present value of medical benefits and health premiums transferable to SSF	849,322	925,296
General administrative expenses	(97,979)	(74,857)
Present Value of Pension and Medical Benefits Transferable to SSF (1)	**(2,854,635)**	**(1,350,373)**
Fair Value of Plan Assets (2)	**9,393,052**	**7,469,328**
Asset Surplus over Transferable Benefits ((2)-(1)=(3))	**6,538,417**	**6,118,955**
Non-Transferable Benefits:		
Other pension benefits	(1,680,862)	(1,396,390)
Other medical benefits	(1,496,672)	(1,175,852)
Total Non-Transferable Benefits (4)	**(3,177,534)**	**(2,572,242)**
Asset Surplus over Total Benefits ((3)-(4))	**3,360,883**	**3,546,713**

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

	31 December 2021	*31 December 2020*
Balance at Beginning of Period	-	-
Actual contributions paid during the period	(160,523)	(127,520)
Total expense recognized in the income statement	92,569	85,084
Amount recognized in the shareholders' equity	67,954	42,436
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:

	31 December 2021	*31 December 2020*
	%	**%**
Discount Rate (*)	19.10	13.00
Inflation Rate (*)	15.10	9.70
Future Real Salary Increase Rate	1.50	1.50
Medical Cost Trend Rate	19.30	13.90
Future Pension Increase Rate (*)	15.10	9.70

(*) 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 of the Bank are as follows:

Defined Benefit Obligation	**Pension Benefits Effect**	**Medical Benefits Effect**	**Overall Effect**
Assumption change	**%**	**%**	**%**
Discount rate +0.5%	(6.40)	(8.80)	(7.50)
Discount rate -0.5%	7.10	10.10	8.50
Medical inflation +0.5%	-	10.00	4.70
Medical inflation -0.5%	-	(8.80)	(4.10)

(Thousands of Turkish Lira (TL))

Retirement Indemnities	**Sensitivity of Past Service Liability**	**Sensitivity of Normal Cost**
Assumption change	**%**	**%**
Discount rate +0.5%	(5.30)	(7.00)
Discount rate -0.5%	5.80	7.80
Inflation rate +0.5%	5.20	(3.60)
Inflation rate -0.5%	(5.00)	3.80

5.2.10 Tax liability

5.2.10.1 Current tax liability

5.2.10.1.1 Tax liability

As of 30 June 2022, the corporate tax liability amounts to TL 919,291 (31 December 2021 : TL 2,120,125) 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 June 2022, TL 7,593,236 of total current period tax expense amounting to TL 10,904,408 has been classified in the statement of profit or loss and TL 3,311,171 (31 December 2021: None) has been classified in equity.

5.2.10.1.2 Taxes payable

	Current Period	***Prior Period***
Corporate Taxes Payable	919,291	2,120,125
Taxation on Securities Income	108,589	126,239
Taxation on Real Estates Income	5,537	8,644
Banking Insurance Transaction Tax	446,347	378,689
Foreign Exchange Transaction Tax	53,765	115,529
Value Added Tax Payable	49,805	56,577
Others	169,456	142,892
Total	**1,752,790**	**2,948,695**

5.2.10.1.3 Premiums payable

	Current Period	***Prior Period***
Social Security Premiums-Employees	21,158	8,981
Social Security Premiums-Employer	7,639	5,497
Bank Pension Fund Premium-Employees	621	439
Bank Pension Fund Premium-Employer	1,000	620
Pension Fund Membership Fees and Provisions-Employees	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Unemployment Insurance-Employees	3,934	2,463
Unemployment Insurance-Employer	8,574	6,141
Others	120	79
Total	**43,046**	**24,220**

(Thousands of Turkish Lira (TL))

5.2.10.2 Deferred tax liability

As of 30 June 2022, the deferred tax liability amounts to TL 67,599 (31 December 2021: TL 55,096).

5.2.11 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".

5.2.12 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".

5.2.13 Other liabilities

	Current Period		*Prior Period*	
	TL	**FC**	**TL**	**FC**
Payables from credit card transactions	28,754,509	542,835	21,172,969	241,472
Payables from clearing transactions	9,142,032	25,638	5,372,202	11,262
Other	3,776,267	9,429,155	2,874,263	5,113,082
Total	**41,672,808**	**9,997,628**	**29,419,434**	**5,365,816**

5.2.14 Shareholders' equity

5.2.14.1 Paid-in capital

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

5.2.14.2 Registered share capital system

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

5.2.14.3 Capital increases in current period

None.

5.2.14.4 Capital increases from capital reserves in current period

None.

5.2.14.5 Capital commitments for current and future financial periods

None.

5.2.14.6 Possible effect of estimations made for the Parent Bank's revenues, profitability and liquidity on equity considering prior period indicators and uncertainties

None.

5.2.14.7 Information on privileges given to stocks representing the capital

None.

(Thousands of Turkish Lira (TL))

5.2.14.8 Securities value increase fund

Information on securities value increase fund classified as a part of income/expenses from valuation and/or reclassification of financial assets measured at FVOCI in the statement of changes in shareholders' equity, is as follows;

	Current Period		*Prior Period*	
	TL	**FC**	**TL**	**FC**
Investments in Associates, Subsidiaries and Joint-Ventures	**-**	**-**	**-**	**-**
Valuation Difference	-	-	-	-
Exchange Rate Difference	-	-	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	**11,178,748**	**(2,227,481)**	**1,424,605**	**(739,216)**
Valuation Difference	10,918,561	(2,227,481)	1,262,982	(739,216)
Exchange Rate Difference	260,187	-	161,623	-
Total	**11,178,748**	**(2,227,481)**	**1,424,605**	**(739,216)**

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

	Current Period		*Prior Period*	
	TL	**FC**	**TL**	**FC**
Movables	336,810	(9,875)	232,120	27,353
Real Estates	2,884,520	190,610	1,849,605	163,456
Defined Benefit Plans' Actuarial Gains/Losses	(394,314)	-	(420,279)	-
Other	-	-	-	-
Total	**2,827,016**	**180,735**	**1,661,446**	**190,809**

5.2.14.10 Bonus shares of associates, subsidiaries and joint-ventures

	Current Period	*Prior Period*
Bankalararası Kart Merkezi AŞ	5,782	5,781
Yeni Gimat Gayrimenkul Yatırım Ortaklığı A.Ş.	860	-
Kredi Kayıt Bürosu AŞ	481	481
JCR Avrasya Derecelendirme AŞ	828	-
Doğuş Gayrimenkul Yatırım Ortaklığı AŞ	22	22
Yatırım Finansman Menkul Değerler AŞ	9	9
Dati Yatırım Holding A.Ş.	7	7
Kömür İşletmeleri AŞ	45	-
Total	**8,034**	**6,300**

5.2.14.11 Legal reserves

	Current Period	*Prior Period*
I. Legal Reserve	1,360,193	1,254,886
II. Legal Reserve	672,337	546,290
Special Reserves	39,261	33,675
Total	**2,071,791**	**1,834,851**

5.2.14.12 Extraordinary reserves

	Current Period	*Prior Period*
Legal Reserves allocated in compliance with the Decisions Made on the Annual General Assembly	61,622,686	50,102,504

(Thousands of Turkish Lira (TL))

5.2.14.13 Minority interest

	Current Period	*Prior Period*
Balance at Beginning of Period	**319,516**	**247,679**
Profit Share of Subsidiaries Net Profits	96,122	120,823
Prior Period Dividend Payment	(60,346)	(47,130)
Increase/(Decrease) in Minority Interest due to Sales	-	-
Others	(943)	(1,856)
Balance at End of Period	**354,349**	**319,516**

5.3 Consolidated off-balance sheet items

5.3.1 Off-balance sheet contingencies

5.3.1.1 Irrevocable credit commitments

The Bank and its consolidated financial subsidiaries have term asset purchase and sale commitments of TL 59,904,251 (31 December 2021: TL 20,111,105), commitments for cheque payments of TL 5,295,944 (31 December 2021: TL 3,956,330) and commitments for credit card limits of TL 82,013,420 (31 December 2021: TL 63,432,259).

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

	Current Period	*Prior Period*
Letters of Guarantee in Foreign Currency	74,372,487	60,356,900
Letters of Guarantee in TL	65,531,514	44,007,746
Letters of Credit	38,967,325	25,954,648
Bills of Exchange and Acceptances	3,603,784	2,751,737
Endorsements	1,827,338	1,128,961
Other Guarantees	289,581	258,782
Total	**184,592,029**	**134,458,774**

Expected losses for non-cash loans and irrevocable commitments

Current Period	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
Balances at Beginning of Period	**538,703**	**1,058,973**	**1,332,807**	**2,930,483**
Additions during the Period (+)	802,126	843,429	84,773	1,730,328
Disposal (-)	(673,178)	(308,623)	(144,257)	(1,126,058)
Sales	-	-	-	-
Write-off	-	-	-	-
Transfer to Stage 1	319,227	(318,309)	(918)	-
Transfer to Stage 2	(67,726)	87,277	(19,551)	-
Transfer to Stage 3	(183)	(25,790)	25,973	-
Foreign Currency Differences	55,400	160,716	290,311	506,427
Balances at End of Period	**974,369**	**1,497,673**	**1,569,138**	**4,041,180**

(Thousands of Turkish Lira (TL))

Prior Period	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
Balances at Beginning of Period	**503,992**	**834,748**	**813,149**	**2,151,889**
Additions during the Period (+)	847,844	740,010	209,430	1,797,284
Disposal (-)	(1,038,926)	(600,974)	(182,169)	(1,822,069)
Sales	-	-	-	-
Write-off	-	-	-	-
Transfer to Stage 1	207,942	(205,972)	(1,970)	-
Transfer to Stage 2	(55,988)	57,284	(1,296)	-
Transfer to Stage 3	(294)	(32,016)	32,310	-
Foreign Currency Differences	74,133	265,893	463,353	803,379
Balances at End of Period	**538,703**	**1,058,973**	**1,332,807**	**2,930,483**

Lifetime expected credit loss (Stage 3) of TL 2,341,225 (31 December 2021: TL 2,019,657) is made for unliquidated non-cash loans of TL 1,569,138 (31 December 2021: TL 1,332,807) 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

	Current Period	*Prior Period*
Non-Cash Loans against Cash Risks	28,796,006	20,797,645
With Original Maturity of 1 Year or Less	*6,794,946*	*2,948,430*
With Original Maturity of More Than 1 Year	*22,001,060*	*17,849,215*
Other Non-Cash Loans	155,796,023	113,661,129
Total	**184,592,029**	**134,458,774**

5.3.1.4 Other information on 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 Group 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".

(Thousands of Turkish Lira (TL))

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 Consolidated 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 from Loans				
Short-term loans	13,870,276	1,400,979	6,656,606	416,260
Medium and long-term loans	14,492,419	4,801,230	9,584,999	2,861,581
Loans under follow-up	380,003	20,834	292,849	81,028
Interest Received from Resource Utilization Support Fund	-	-	-	-
Total	**28,742,698**	**6,223,043**	**16,534,454**	**3,358,869**

(*) Includes also fees and commissions income on cash loans.

5.4.1.2 Interest income from banks

	Current Period		*Prior Period*	
	TL	**FC**	**TL**	**FC**
Central Bank of Turkey	-	575	-	-
Domestic Banks	66,328	657	52,322	28,103
Foreign Banks	2,360	84,604	2,738	23,810
Foreign Head Offices and Branches	-	-	-	-
Total	**68,688**	**85,836**	**55,060**	**51,913**

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	87,606	20,855	44,995	18,846
Financial Assets Measured at Fair Value through Other Comprehensive Income	5,060,863	461,862	1,798,931	242,446
Financial Assets Measured at Amortised Cost	4,029,212	729,280	1,653,599	211,303
Total	**9,177,681**	**1,211,997**	**3,497,525**	**472,595**

As disclosed in the accounting policies, the Bank values CPI-indexed government bonds in its securities portfolio according to the reference index on the issue date and the index that is calculated according to the expected inflation rate. The inflation rate used during the valuation is being updated during the year when it is considered necessary. As of 30 June 2022, the valuation of such securities has been calculated according to the annual inflation forecast of 45%. In case the CPI forecast increases or decreases by 1%, profit before taxes as of 30 June 2022 will increase or decrease by approximately TL 108 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	33,775	45,758

(Thousands of Turkish Lira (TL))

5.4.2 Interest expenses

5.4.2.1 Interest expenses on funds borrowed (*)

	Current Period		*Prior Period*	
	TL	**FC**	**TL**	**FC**
Banks	**287,283**	**255,419**	**117,816**	**84,266**
Central Bank of Turkey	-	-	32,613	689
Domestic Banks	277,943	98,032	65,752	62,064
Foreign Banks	9,340	157,387	19,451	21,513
Foreign Head Offices and Branches	-	-	-	-
Other Institutions	-	571,716	**-**	**321,886**
Total	**287,283**	**827,135**	**117,816**	**406,152**

(*) Also includes fees and commissions 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	4,101	16,176

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	**Demand Deposits**	**Time Deposits**						**Total**
		Up to 1 Month	**1-3 Months**	**3-6 Months**	**6-12 Months**	**Over 1 Year**	**Accumulating Deposit Accounts**	
Turkish Lira								
Bank Deposits	1,569	18,615	-	-	-	-	-	20,184
Saving Deposits	2,654	327,348	6,204,398	606,566	119,981	303,057	-	7,564,004
Public Sector Deposits	-	1,032	3,197	57	105	-	-	4,391
Commercial Deposits	135	1,658,905	975,510	1,120,091	1,085,436	227,100	-	5,067,177
Others	-	84,863	176,159	29,018	187,405	188,845	-	666,290
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Total TL	**4,358**	**2,090,763**	**7,359,264**	**1,755,732**	**1,392,927**	**719,002**	**-**	**13,322,046**
Foreign Currency								
Foreign Currency Deposits	12,823	67,188	176,230	40,467	48,624	41,611	107	387,050
Bank Deposits	368	4,456	4,088	70	30	3	-	9,015
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	-	-	-	-	-	-
Total FC	**13,191**	**71,644**	**180,531**	**40,540**	**48,659**	**41,774**	**107**	**396,446**
Grand Total	**17,549**	**2,162,407**	**7,539,795**	**1,796,272**	**1,441,586**	**760,776**	**107**	**13,718,492**

(Thousands of Turkish Lira (TL))

Prior Period	Demand Deposits	Time Deposits						Total
		Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year	Accumulating Deposit Accounts	
Turkish Lira								
Bank Deposits	6,009	43,853	-	-	-	-	-	49,862
Saving Deposits	2,259	210,321	4,790,688	244,755	86,653	175,864	-	5,510,540
Public Sector Deposits	-	2,048	2,769	53	-	-	-	4,870
Commercial Deposits	109		1,055,771	45,821	68,239	85,146	-	2,429,473
Others	-	35,537	108,333	7,464	79,270	343,370	-	573,974
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Total TL	**8,377**		**5,957,561**	**298,093**	**234,162**	**604,380**	**-**	**8,568,719**
Foreign Currency								
Foreign Currency Deposits	1,078	43,715	176,051	38,899	22,436	37,966	87	320,232
Bank Deposits	(152)	228	546	2,244	5,659	3,810	-	12,335
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	-	-	1	249	-	250
Total FC	**926**	**43,943**	**176,597**	**41,143**	**28,096**	**42,025**	**87**	**332,817**
Grand Total	**9,303**	**1,510,08**	**6,134,158**	**339,236**	**262,258**	**646,405**	**87**	**8,901,536**

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 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”.

None.

(Thousands of Turkish Lira (TL))

5.4.4 Trading income/losses (net)

	Current Period	*Prior Period*
Income	**186,651,466**	**100,272,038**
Trading Account Income	5,347,565	2,195,617
Derivative Financial Instruments	31,188,564	10,404,046
Foreign Exchange Gain	150,115,337	87,672,375
Losses (-)	**180,715,718**	**101,222,616**
Trading Account Losses	838,948	1,540,209
Derivative Financial Instruments	50,312,494	11,389,728
Foreign Exchange Losses	129,564,276	88,292,679
Total	**5,935,748**	**(950,578)**

TL 16,197,829 (30 June 2021: TL 2,376,257) of foreign exchange gains and TL 7,214,278 (30 June 2021: TL 6,472,785) of foreign exchange losses are resulted from the exchange rate changes of derivative transactions.

5.4.5 Other operating income

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

	Current Period	*Prior Period*
Prior Year Reversals	**6,405,542**	**4,797,193**
Stage 1	3,320,043	2,459,474
Stage 2	1,588,977	1,350,730
Stage 3	1,290,597	954,336
Others	205,925	32,653
Income from term sale of assets	**395,751**	**111,563**
Others (*)	2,571,768	**990,974**
Total	**9,373,061**	**5,899,730**

(*) Premium income from insurance business amounting to TL 1,155,273 (30 June 2021: TL 744,684) which is included in other operating income in the accompanying financial statements is presented in "others" line item.

5.4.6 Expected credit losses and other provisions

	Current Period	*Prior Period*
Expected Credit Losses	**13,382,139**	**8,145,978**
12-Month ECL (Stage 1)	*4,470,162*	*1,543,106*
Significant Increase in Credit Risk (Stage 2)	*5,545,410*	*4,158,230*
Impaired Credits (Stage 3)	*3,366,567*	*2,444,642*
Other Provisions	**2,189,856**	**2,120,421**
Impairment Losses on Securities	85,893	50,770
Financial Assets Measured at Fair Value through Profit or Loss	*85,893*	*45,778*
Financial Assets Measured at Fair Value through Other Comprehensive Income	-	*4,992*
Impairment Losses on Associates, Subsidiaries and Joint-ventures	373	-
Associates	*373*	-
Subsidiaries	-	-
Joint-ventures (business partnership)	-	-
Others (*)	2,103,590	2,069,651
Total	**15,571,995**	**10,266,399**

(Thousands of Turkish Lira (TL))

5.4.7 Other operating expenses

	Current Period	*Prior Period*
Reserve for Employee Termination Benefits	126,773	82,481
Defined Benefit Plan Obligations	-	-
Impairment Losses on Tangible Assets	868	14
Depreciation Expenses of Tangible Assets	246,236	214,572
Impairment Losses on Intangible Assets	-	-
Impairment Losses on Goodwill	-	-
Amortisation Expenses of Intangible Assets	137,612	86,854
Decrease in Value of Equity Accounting Shares	-	-
Impairment Losses on Assets to be Disposed	-	2,506
Depreciation Expenses of Right-of-use Assets	194,420	152,845
Impairment Losses on Assets Held for Sale and Discontinued Assets	818	133
Other Operating Expenses	4,368,351	2,562,036
Operational Lease related Expenses (*)	*113,457*	*110,826*
Repair and maintenance expenses	*78,171*	*54,157*
Advertisement expenses	*162,879*	*98,340*
Other expenses	*4,013,844*	*2,298,713*
Loss on Sale of Assets	11,121	3,166
Others (**)	1,659,501	956,958
Total	**6,745,700**	**4,061,565**

(*) Includes lease related expenses out of the scope of TFRS 16.
(**) Includes Saving Deposits Insurance Fund related expenses of TL 580,502 (30 June 2021: TL 349,656) and insurance-business claim losses of TL 538,946 (30 June 2021: TL 254,576) 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 for continued and discontinued operations

For the period ended 30 June 2022, on a consolidated basis, the Bank recorded a current tax expense of TL 7,593,236 (30 June 2021: TL 1,509,969) and a deferred tax income of TL 1,477,943 (30 June 2021: TL 153,447).

There is no amount from discontinued operations.

Deferred tax benefit/charge on timing differences

Deferred tax (benefit)/charge on timing differences	*Current Period*	*Prior Period*
Increase in Tax Deductible Timing Differences (+)	(3,796,943)	(1,147,272)
Decrease in Tax Deductible Timing Differences (-)	1,735,878	471,108
Increase in Taxable Timing Differences (-)	2,401,217	537,990
Decrease in Taxable Timing Differences (+)	(1,818,095)	(15,273)
Total	**(1,477,943)**	**(153,447)**

(Thousands of Turkish Lira (TL))

Deferred tax benefit/charge in the income statement arising on timing differences, tax losses and tax deductions and exemptions

Deferred tax (benefit)/charge arising on timing differences, tax losses and tax deductions and exemptions	***Current Period***	***Prior Period***
(Increase)/Decrease in Tax Deductible Timing Differences (net)	(2,061,065)	(685,389)
(Increase)/Decrease in Taxable Timing Differences (net)	583,122	522,717
(Increase)/Decrease in Tax Losses (net)	-	9,225
(Increase)/Decrease in Tax Deductions and Exemptions (net)	-	-
Total	**(1,477,943)**	**(153,447)**

5.4.10 Net operating profit/loss after taxes including net profit/loss from 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 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.

5.4.11.3 Minority interest's profit/loss

	Current Period	***Prior Period***
Net Profit/(Loss) of Minority Interest	96,122	59,366

5.4.12 Components of other items in income statement

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

5.5 Consolidated 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 Consolidated statement of cash flows

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

(Thousands of Turkish Lira (TL))

5.7 Related party risks

5.7.1 Transactions with Parent Bank's risk group;

5.7.1.1 Loans and other receivables

Current Period:

Bank's Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
Loans and Other Receivables	**Cash**	**Non-cash**	**Cash**	**Non-cash**	**Cash**	**Non-cash**
Balance at beginning of period	630,311	24,142	880,147	1,817,495	87,503	194,549
Balance at end of period	482,631	68,782	509,410	2,482,986	114,258	44,345
Interest and Commission Income	**34,833**	-	**25,213**	-	**2,556**	-

Prior Period:

Bank's Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
Loans and Other Receivables	**Cash**	**Non-cash**	**Cash**	**Non-cash**	**Cash**	**Non-cash**
Balance at beginning of period	792,970	27,873	662,187	878,143	157,906	51,551
Balance at end of period	630,311	24,142	880,147	1,817,495	87,503	194,549
Interest and Commission Income	**45,913**	**-**	**21,036**	**-**	**8,080**	**89**

5.7.1.2 Deposits

Bank's Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
Deposits	***Current Period***	***Prior Period***	***Current Period***	***Prior Period***	***Current Period***	***Prior Period***
Balance at beginning of period	135,477	347,975	31,849	70,153	7,101,109	441,807
Balance at end of period	125,031	135,477	39,003	31,849	5,983,506	7,101,109
Interest Expenses	**4,101**	**16,176**	**33**	**47**	**557,347**	**16,587**

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	50,000	572,425	43,176,984	30,964,751	-	-
Balance at end of period	37,500	50,000	43,479,807	43,176,984	-	-
Total Profit/(Loss)	**(1,011)**	**1,618**	**206,833**	**131,631**	-	-
Transactions for Hedging						
Balance at beginning of period	-	-	220,100	565,120	-	-
Balance at end of period	-	-	228,098	220,100	-	-
Total Profit/(Loss)	-	-	**(1,010)**	**(1,438)**	-	-

5.7.2 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 478,548 (31 December 2021: TL 620,298) compose 0.08% (31 December 2021: 0.13%) of the Bank's total consolidated cash loans and 0.04% (31 December 2021: 0.07%) of the Bank's total consolidated assets. The total loans and similar receivables amounting TL 1,106,299 (31 December 2021: TL 1,597,961) compose 0.10% (31 December 2021: 0.19%) of the Bank's total consolidated assets. The non-cash loans of the risk group amounting TL 2,596,113 (31 December 2021: TL 2,036,186) compose 1.41% (31 December 2021: 1.51%) of the Bank's total consolidated non-cash loans. The deposits of the risk group amounting TL 6,147,540 (31 December 2021: TL 7,268,435) compose 0.83% (31 December 2021: 1.25%) of the Bank's total consolidated deposits. There are no funds borrowed by the Bank and its consolidated financial subsidiaries from their risk group of the Bank's total consolidated funds borrowed. The pricing in transactions with the risk group companies is set on an arm's-length basis.

A total rent income of TL 823 (30 June 2021: TL 2,920) was recognized for the real estates rented to the related parties.

Other income of TL 3,956 (30 June 2021: TL 3,819) for the IT services rendered and banking services fee income of TL 3,130 (30 June 2021: TL 11,576) were recognized from the related parties.

Operating expenses of TL 37,656 (31 December 2021: TL 25,105) 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 and its consolidated financial subsidiaries amounts to TL 111,624 as of 30 June 2022 (30 June 2021: TL 62,762).

5.7.2.3 Other matters not required to be disclosed

None

5.7.2.4 Transactions accounted for under equity method

None.

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 internal use are partly arranged through leasing.

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

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 the balance sheet date

None.

5.10 Other disclosures on activities

5.10.1 Information on international risk ratings

5.10.1.1 Parent Bank's international risk ratings

MOODY'S *(December 2020)*

Outlook	Negative
Long-Term FC Deposit	B2
Long-Term TL Deposit	B2
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)	B2 (Negative)
Senior Unsecured Rating (Medium-Term Note Program)	P (B2)
Long-Term National Scale Rating (NSR)	A1.tr
Short-Term NSR	TR-1

FITCH RATINGS (*July 2022)*

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 2021)*

Long-Term International FC	BBB- (Stable)
Short-Term International FC	A-3 (Stable)
Long-Term International TL	BBB (Stable)
Short-Term International TL	A-3 (Stable)
Long-Term NSR	AAA(Trk) (Stable)
Short-Term NSR	A-1+(Trk) (Stable)
Independency from Shareholders	A
Support	1

5.10.1.2 International risk ratings of Garanti Bank International NV, a consolidated subsidiary

MOODY'S ***(October 2021)*** (*)

Long-Term FC Deposit	Baa3
Short-Term FC Deposit	P-3
Baseline Credit Assessment	ba1
Adjusted Baseline Credit Assessment	baa3
Outlook	Stable
Long-Term Counterparty Risk Assessment	Baa1(cr)
Short-Term Counterparty Risk Assessment	P-2(cr)
Long-Term Counterparty Risk Rating	Baa2
Short-Term Counterparty Risk Rating	P-2

(*) Latest date in risk ratings or outlooks

5.10.1.3 International risk ratings of Garanti Faktoring, a consolidated subsidiary

FITCH RATINGS ***(April 2022)*** (*)

Foreign Currency	
Long-Term	B
Short-Term	B
Outlook	Negative
Turkish Lira	
Long-Term	B+
Short-Term	B
Outlook	Negative
National	AA (tur)
Outlook	Stable
Support	-
Shareholder Support Ratings	b

(*) Latest date in risk ratings or outlooks

5.10.1.4 International risk ratings of Garanti Finansal Kiralama, a consolidated subsidiary

FITCH RATINGS ***(April 2022)*** (*)

Foreign Currency	
Long-Term	B
Short-Term	B
Outlook	Negative
Turkish Lira	
Long-Term	B+
Short-Term	B
Outlook	Negative
National	AA (tur)
Outlook	Stable
Support	4
Shareholder Support Ratings	b

(*) Latest date in risk ratings or outlooks

(Thousands of Turkish Lira (TL))

5.10.1.5 International risk ratings of Garanti Bank SA, a consolidated subsidiary

FITCH RATINGS ***(June 2022)*** *(*)*

Foreign Currency	
Long-Term IDR	BB-
Short-Term IDR	B
Support Rating	b
Viability Rating	bb-
Outlook	Stable

(*) Latest date in risk ratings or outlooks

5.10.2 Dividends

As per the decision made at the annual general assembly of shareholders of the Parent Bank on 30 June 2022, the distribution of the net profit of the year 2021, was as follows;

2021 PROFIT DISTRIBUTION TABLE	
2021 Net Profit	**13,073,306**
A – I. Legal reserve (Turkish Commercial Code 519/1) at 5%	-
Undistributable funds	(57,207)
B – First dividend at 5% of the paid-in capital	(210,000)
C – Extraordinary reserves at 5% after above deductions	(643,165)
D – Second dividend to the shareholders	(1,097,331)
E – Extraordinary reserves	(10,955,870)
F – II. Legal reserve (Turkish Commercial Code 519/2)	(109,733)

5.10.3 Other disclosures

None.

6 Limited Review Report

6.1 Disclosure on limited review report

The consolidated financial statements of the Bank and its financial subsidiaries as of 30 June 2022, have been reviewed Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş (a member firm of Ernst&Young Global Limited) and a limited review report dated 28 July 2022, is presented before the accompanying consolidated financial statements.

6.2 Disclosures and footnotes prepared by independent auditors

None.

7 Interim Activity Report

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

Türkiye Garanti Bankası A.Ş., announced its financial statements dated 30 June 2022. Based on the consolidated financials, the Bank's **net income** in the first 6 months of the year recorded as TL 21 billion 181 million 23 thousand. **Asset size** realized at TL 1 trillion 96 billion 74 million 926 thousand and the Bank's contribution to the economy through cash and non-cash **loans** was TL 799 billion 546 million 822 thousand. Actively managing the funding base, deposits continued to be the main funding source; 68% of assets are funded via deposits. Customer deposit base reached to TL 736 billion 984 million 323 thousand with 27% growth in the first 6 months of the year. Preserving the strong capital stance, Bank's capital adequacy ratio was realized at 15.1%*. The Bank delivered an **ROAE** (Return on Average Equity) of 43.1%** and an **ROAA** (Return on Average Assets) of 4.3%**.

**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 "As we leave the first half of the year behind, uncertainties in the global economy continue due to ongoing inflationary pressures. On the global front, central banks maintain a hawkish communication to lower inflation expectations. In June, the FED made the highest interest rate increase in 28 years. In July, the European Central Bank increased interest rates by 50 basis points for the first time in 11 years.

The financial outlook remains challenging for emerging market economies, given much tighter monetary conditions and slowing global demand. The war in Ukraine and the rapid slowdown in China reinforces this further. Along with global factors, consumption-driven growth also brings inflationary pressures in our country. High inflation expectations push demand forward. In this process, a series of macro-prudential measures taken in Turkey to support liraization on the one hand, and focus on making loan growth more targeted and production-oriented, on the other. At this point, the positive development is that export and tourism revenues are progressing better than the expectations at the beginning of the year, and this has a positive effect on both growth and the budget.

In this period when demand is pulled forward, loan growth was quite strong. Continuing our contribution to the economy, we increased our market share in TL loans in the first 6 months and reached a level of 10.3%.

BBVA's voluntary takeover bid, which started on March 31, 2022, was finalized on May 18, 2022, and BBVA's shareholding in Garanti BBVA reached 85.97%. This sizable investment of BBVA is also an indication of their commitment in our country. This step will strengthen us, our customers, and our entire country as part of this family."

Commenting on the topic, **Garanti BBVA CEO Recep Baştuğ said:** "In the second quarter, with the momentum in the economic activity, Garanti BBVA continued to grow together with its customers and created value in-line with the Bank's traditional stance.

The Turkish banking sector, similar to previous quarters, continued to grow in Turkish lira lending. The growth was mainly driven by the corporate side, while consumer lending was relatively muted. Credit card receivables which grew in parallel to the inflationary environment was the only exception, and grew almost the same level as corporate lending. On the other hand, demand for FC loans declined. Foreign currency assets shrank in the quarter while TL assets grew as a result of the FX-protected deposit scheme (KKM). Our bank, as one of the most active contributor to the FX-protected deposit scheme, realized approximately 11% of the total volume in the sector.

As our consolidated asset exceeds TL 1 trillion, having the highest share of total and TL loans in assets among our peers, underline our customer-driven growth strategy. We strengthened our leading position in TL cash loans among private banks by growing more than TL 50 billion in the second quarter. While supporting the Turkish economy with this growth, we also aim to create sustainable value for all our stakeholders.

Being the most important strategic priority of our bank, we continue to place utmost attention on sustainability by focusing in the of combating the climate crisis and inclusive growth. In that respect, We have a vision of leading the development of the sustainable finance market. We encourage our customers and employees to be a part of this responsibility driven transformation. In this context, we launched the " My Ecological Status" page in Garanti BBVA Mobil, which allows users to calculate their carbon footprints. We inform our customers about the impact they have on nature, and we aim to help them reduce their carbon footprints with the suggestions we offer."

Recep Baştuğ continues as follows: "Sustainability is numerically a performance indicator in the bank and everyone involved has reflected this on their KPIs. We aim to make positive contributions to the environment by using all kinds of opportunities brought by digitalization. The latest example of this is our BonusFlaş application, where our customers can view the digital version, which is exactly the same as the printed slip. The application of digital slips instead of non-recyclable paper slips makes a very important contribution to nature in this respect.

As Garanti BBVA, we take into account not only the impact we have created in the economy; we also measure and report the value we add to the environment, social life and technology. I would like to thank my colleagues who have made great efforts and contributed to the results of our bank as of the end of the second quarter, and all our stakeholders who participated in this journey, supported and trusted us."

(Thousands of Turkish Lira (TL))

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

7.1.1 Selected Figures of Consolidated Financial Statements

Selected Balance Sheet Items	**Current Period 30.June.2022**	**Prior Period 31.Dec.2021**	**Change Δ %**
Total Assets	1,096,074,926	850,475,600	28.9%
Loans*	633,756,920	492,589,718	28.7%
- Performing Loans	614,954,793	475,285,220	29.4%
- Non-Performing Loans	18,802,127	17,304,498	8.7%
Customer Deposits	736,984,323	580,376,196	27.0%
Shareholders' Equity	112,088,040	80,300,855	39.6%

** Excludes Leasing and Factoring receivables*

Selected P&L Items	**Current Period 30.June.2022**	**Prior Period 30.June.2021**	**Change Δ %**
Net Interest Income	30,980,615	14,466,061	114.2%
Operating Expenses	11,058,136	6,628,747	66.8%
- HR Cost	4,312,436	2,567,182	68.0%
- Other Operating Expenses	6,745,700	4,061,565	66.1%
Net Fees&Commissions	7,087,881	4,230,328	67.5%
Net Income	21,181,023	5,720,571	270.3%

Selected Financial Ratios	**Current Period 30.June.2022**	**Prior Period 31.Dec.2021**	**Change Δ bps**
Performing Loans/Assets	56.1%	55.9%	22
Deposits/Assets	67.2%	68.2%	(100)
Return on Average Equity	43.1%	18.9%	2416
Return on Average Assets	4.3%	2.0%	226
Non-Performing Loans Ratio	3.0%	3.6%	(56)
Capital Adequacy Ratio*	15.1%	14.1%	100

** Calculated without the forbearance introduced by BRSA*

(Thousands of Turkish Lira (TL))

Market Shares*	**Current Period 30.June.2022**	**Prior Period 31.Dec.2021**	**Change Δ bps**
Performing Loans	9.9%	9.7%	18
TL Performing Loans	10.3%	10.2%	17
FC Performing Loans	9.1%	9.1%	6
Customer Deposits	10.6%	10.8%	(17)
TL Customer Deposits	10.2%	10.4%	(19)
FC Customer Deposits	11.0%	11.1%	(12)

**Market Shares are calculated per bank-only financials, for fair comparison*

Garanti with Numbers[1]	**Current Period 30.June.2022**	**Prior Period 31.Dec.2021**	**Change Δ %**
Branch Network	858	872	(1.6)%
Number of Employees	18,569	18,354	1.2%
ATM	5,423	5,401	0.4%
POS*	752,744	700,616	7.4%
Number of Customers	21,398,568	20,271,437	5.6%
Number of Digital Customers**	12,089,647	11,040,150	9.5%
Number of Credit Card Customers	8,449,267	7,903,799	6.9%

1 Subsidiaries are not included.

**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 01.01.2022-30.06.2022

There is no change during the period.

7.3 Announcements regarding important developments in the period of 01.01.2022-30.06.2022

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

7.4 Assessment of financial information and risk management

You may find information regarding the assessment of financial position, profitability and debt payment capability, risk management explanations and ratings in the financial statements for the period ended 30 June 2022. 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 2021 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 2022. 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.