

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

**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 2023**

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

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working world**

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**Convenience Translation of the Auditor's Review Report Originally Issued in Turkish****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, 2023 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 information in accordance with the Banking Regulation and Supervision Agency ("BRSA") Accounting and Financial Reporting Legislation which includes "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by BRSA and Turkish Accounting Standard 34 "Interim Financial Reporting" for those matters not regulated by the aforementioned regulations. Our responsibility is to express a conclusion on these interim financial statements based on our review.

*Scope of Review*

We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, "Limited Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial reporting process, and applying analytical and other review procedures. A review of interim financial information is substantially less in scope than an independent audit performed in accordance with the Independent Auditing Standards and the objective of which is to express an opinion on the financial statements. Consequently, a review of the interim financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an opinion.

*Basis of Qualified Conclusion*

As explained in Section Five Part 2.9.4, the accompanying consolidated financial statements as at June 30, 2023 include a free provision at an amount of Thousand TL 6,000,000, of which Thousand TL 8,000,000 was provided in prior years and Thousand TL 2,000,000 was reversed in the current period by the 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".



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*Qualified Conclusion*

Based on our review, except for the effect of the matter referred in the basis of qualified conclusion paragraph on the 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 30,2023 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.

*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.

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

Damla Harman, SMMM  
Partner

July 27, 2023  
İstanbul, Türkiye

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

**TÜRKİYE GARANTİ BANKASI ANONİM ŞİRKETİ  
AND ITS FINANCIAL SUBSIDIARIES  
CONSOLIDATED FINANCIAL REPORT AS OF AND  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023**

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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**

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

**Süleyman Sözen**  
Board of Directors  
Chairman

**Recep Baştuğ**  
General Manager

**Aydın Güler**  
Executive Vice President  
Responsible of Financial  
Reporting

**Hakan Özdemir**  
Financial Reporting and  
Accounting Director

**Jorge Saenz - Azcunaga  
Carranza**  
Audit Committee Member

**Avni Aydın Düren**  
Audit Committee Member

**Belkıs Sema Yurdum**  
Audit Committee Member

The authorized contact person for questions on this financial report:

Name-Surname/Title: Handan SAYGIN/Director of Investor Relations

Phone no: 90 212 318 23 50

Fax no: 90 212 216 59 02

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## **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 819 domestic branches, 8 foreign branches and 1 representative office (31 December 2022: 829 domestic branches, 8 foreign branches and 1 representative office). 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 2023, group of companies under BBVA that currently owns 85.97% shares of the Bank, is defined as the BBVA Group (“the Group”) and it is the main shareholder.

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

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

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

On 21 February 2017, BBVA agreed with Doğuş Group to acquire 41.790.000.000 shares at a nominal value of TL 417,900 representing 9.95% ownership and on 22 March 2017 in accordance with the terms of the 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 165 years, providing variety of wide spread financial and non-financial services to 69.6 million retail and commercial customers.

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



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

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

#### CEO and Executive Vice Presidents:

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

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

#### **1.4 Information on 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.

## 2 Consolidated Financial Statements

(Convenience Translation of Financial Statements Originally Issued in Turkish)

### Türkiye Garanti Bankası Anonim Şirketi and Its Financial Subsidiaries Consolidated Balance Sheet (Statement of Financial Position) At 30 June 2023

ASSETS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
		CURRENT PERIOD			PRIOR PERIOD		
		30 June 2023			31 December 2022		
		TL	FC	Total	TL	FC	Total
<b>I. FINANCIAL ASSETS (Net)</b>		<b>165,542,855</b>	<b>397,225,296</b>	<b>562,768,151</b>	<b>116,594,984</b>	<b>260,639,834</b>	<b>377,234,818</b>
<b>1.1 Cash and Cash Equivalents</b>	<b>5.1.1</b>	<b>90,579,818</b>	<b>352,064,163</b>	<b>442,643,981</b>	<b>44,684,945</b>	<b>226,814,796</b>	<b>271,499,741</b>
1.1.1 Cash and Balances with Central Bank		24,590,027	167,513,665	192,103,692	9,205,355	130,364,387	139,569,742
1.1.2 Banks		1,848,206	130,415,811	132,264,017	1,029,482	61,129,299	62,158,781
1.1.3 Money Market Placements		64,846,257	54,867,708	119,713,965	34,809,528	35,871,173	70,680,701
1.1.4 Expected Credit Losses (-)		704,672	733,021	1,437,693	359,420	550,063	909,483
<b>1.2 Financial Assets Measured at Fair Value through Profit/Loss (FVTPL)</b>	<b>5.1.2</b>	<b>4,225,870</b>	<b>3,191,619</b>	<b>7,417,489</b>	<b>3,747,045</b>	<b>2,024,414</b>	<b>5,771,459</b>
1.2.1 Government Securities		2,140,750	2,459,626	4,600,376	1,144,328	1,369,671	2,513,999
1.2.2 Equity Securities		2,061,705	101,858	2,163,563	2,580,133	67,322	2,647,455
1.2.3 Other Financial Assets		23,415	630,135	653,550	22,584	587,421	610,005
<b>1.3 Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)</b>	<b>5.1.3</b>	<b>57,032,682</b>	<b>33,884,849</b>	<b>90,917,531</b>	<b>63,766,271</b>	<b>25,162,129</b>	<b>88,928,400</b>
1.3.1 Government Securities		56,244,322	19,657,705	75,902,027	63,312,355	13,784,771	77,097,126
1.3.2 Equity Securities		187,405	1,396,863	1,584,268	136,664	886,055	1,022,719
1.3.3 Other Financial Assets		600,955	12,830,281	13,431,236	317,252	10,491,303	10,808,555
<b>1.4 Derivative Financial Assets</b>	<b>5.1.4</b>	<b>13,704,485</b>	<b>8,084,665</b>	<b>21,789,150</b>	<b>4,396,723</b>	<b>6,638,495</b>	<b>11,035,218</b>
1.4.1 Derivative Financial Assets Measured at FVTPL		12,405,336	6,839,251	19,244,587	4,201,002	5,576,712	9,777,714
1.4.2 Derivative Financial Assets Measured at FVOCI		1,299,149	1,245,414	2,544,563	195,721	1,061,783	1,257,504
<b>II. FINANCIAL ASSETS MEASURED AT AMORTIZED COST (Net)</b>		<b>713,844,696</b>	<b>443,156,476</b>	<b>1,157,001,172</b>	<b>545,071,650</b>	<b>313,974,340</b>	<b>859,045,990</b>
<b>2.1 Loans</b>	<b>5.1.5</b>	<b>616,190,721</b>	<b>383,296,854</b>	<b>999,487,575</b>	<b>488,158,178</b>	<b>272,946,066</b>	<b>761,104,244</b>
<b>2.2 Lease Receivables</b>	<b>5.1.6</b>	<b>8,387,756</b>	<b>19,054,066</b>	<b>27,441,822</b>	<b>5,368,497</b>	<b>13,563,796</b>	<b>18,932,293</b>
<b>2.3 Factoring Receivables</b>	<b>5.1.7</b>	<b>10,545,170</b>	<b>1,153,957</b>	<b>11,699,127</b>	<b>8,499,216</b>	<b>1,043,186</b>	<b>9,542,402</b>
<b>2.4 Other Financial Assets Measured at Amortised Cost</b>	<b>5.1.8</b>	<b>100,280,551</b>	<b>66,955,229</b>	<b>167,235,780</b>	<b>62,454,628</b>	<b>47,565,228</b>	<b>110,019,856</b>
2.4.1 Government Securities		96,685,726	59,099,040	155,784,766	62,420,560	42,843,973	105,264,533
2.4.2 Other Financial Assets		3,594,825	7,856,189	11,451,014	34,068	4,721,255	4,755,323
<b>2.5 Expected Credit Losses (-)</b>		<b>21,559,502</b>	<b>27,303,630</b>	<b>48,863,132</b>	<b>19,408,869</b>	<b>21,143,936</b>	<b>40,552,805</b>
<b>III. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)</b>	<b>5.1.9</b>	<b>803,478</b>	<b>7,301</b>	<b>810,779</b>	<b>778,290</b>	<b>2,128</b>	<b>780,418</b>
3.1 Asset Held for Resale		803,478	7,301	810,779	778,290	2,128	780,418
3.2 Assets of Discontinued Operations		-	-	-	-	-	-
<b>IV. INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES</b>		<b>3,117,013</b>	<b>128,934</b>	<b>3,245,947</b>	<b>2,196,176</b>	<b>84,786</b>	<b>2,280,962</b>
<b>4.1 Associates (Net)</b>	<b>5.1.10</b>	<b>116,985</b>	<b>23</b>	<b>117,008</b>	<b>111,641</b>	<b>16</b>	<b>111,657</b>
4.1.1 Associates Consolidated Under Equity Accounting		-	-	-	-	-	-
4.1.2 Unconsolidated Associates		116,985	23	117,008	111,641	16	111,657
<b>4.2 Subsidiaries (Net)</b>	<b>5.1.11</b>	<b>3,000,028</b>	<b>128,911</b>	<b>3,128,939</b>	<b>2,084,535</b>	<b>84,770</b>	<b>2,169,305</b>
4.2.1 Unconsolidated Financial Investments in Subsidiaries		-	-	-	-	-	-
4.2.2 Unconsolidated Non-Financial Investments in Subsidiaries		3,000,028	128,911	3,128,939	2,084,535	84,770	2,169,305
<b>4.3 Joint Ventures (Net)</b>	<b>5.1.12</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
4.3.1 Joint-Ventures Consolidated Under Equity Accounting		-	-	-	-	-	-
4.3.2 Unconsolidated Joint-Ventures		-	-	-	-	-	-
<b>V. TANGIBLE ASSETS (Net)</b>	<b>5.1.13</b>	<b>15,555,348</b>	<b>1,294,935</b>	<b>16,850,283</b>	<b>10,868,068</b>	<b>919,939</b>	<b>11,788,007</b>
<b>VI. INTANGIBLE ASSETS (Net)</b>	<b>5.1.14</b>	<b>1,224,971</b>	<b>321,734</b>	<b>1,546,705</b>	<b>1,108,330</b>	<b>154,692</b>	<b>1,263,022</b>
6.1 Goodwill		6,388	-	6,388	6,388	-	6,388
6.2 Others		1,218,583	321,734	1,540,317	1,101,942	154,692	1,256,634
<b>VII. INVESTMENT PROPERTY (Net)</b>	<b>5.1.15</b>	<b>1,404,152</b>	<b>-</b>	<b>1,404,152</b>	<b>926,800</b>	<b>-</b>	<b>926,800</b>
<b>VIII. CURRENT TAX ASSET</b>		<b>-</b>	<b>47,515</b>	<b>47,515</b>	<b>-</b>	<b>9,604</b>	<b>9,604</b>
<b>IX. DEFERRED TAX ASSET</b>	<b>5.1.16</b>	<b>15,062,388</b>	<b>167,485</b>	<b>15,229,873</b>	<b>6,952,355</b>	<b>153,036</b>	<b>7,105,391</b>
<b>X. OTHER ASSETS (Net)</b>	<b>5.1.17</b>	<b>125,886,942</b>	<b>6,301,258</b>	<b>132,188,200</b>	<b>38,675,419</b>	<b>4,468,052</b>	<b>43,143,471</b>
<b>TOTAL ASSETS</b>		<b>1,042,441,843</b>	<b>848,650,934</b>	<b>1,891,092,777</b>	<b>723,172,072</b>	<b>580,406,411</b>	<b>1,303,578,483</b>

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 Balance Sheet (Statement of Financial Position)**  
**At 30 June 2023**

LIABILITIES AND SHAREHOLDERS' EQUITY		Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
			CURRENT PERIOD			PRIOR PERIOD		
			30 June 2023			31 December 2022		
			TL	FC	Total	TL	FC	Total
I. DEPOSITS	5.2.1		761,366,051	639,413,347	1,400,779,398	424,860,771	483,878,688	908,739,459
II. FUNDS BORROWED	5.2.2		4,327,647	49,343,224	53,670,871	5,959,345	39,897,378	45,856,723
III. MONEY MARKET FUNDS	5.2.3		4,972,918	41,218,283	46,191,201	1,806,883	22,492,126	24,299,009
IV. SECURITIES ISSUED (NET)	5.2.4		225,672	9,838,183	10,063,855	1,184,471	16,423,718	17,608,189
4.1 Bills			74,001	864,459	938,460	494,963	990,538	1,485,501
4.2 Asset Backed Securities			-	-	-	-	-	-
4.3 Bonds			151,671	8,973,724	9,125,395	689,508	15,433,180	16,122,688
V. FUNDS			-	-	-	-	-	-
5.1 Borrowers' Funds			-	-	-	-	-	-
5.2 Others			-	-	-	-	-	-
VI. FINANCIAL LIABILITIES MEASURED AT FVTPL	5.2.5		-	40,734,597	40,734,597	-	32,020,818	32,020,818
VII. DERIVATIVE FINANCIAL LIABILITIES	5.2.6		8,522,008	12,643,573	21,165,581	4,984,444	5,967,916	10,952,360
7.1 Derivative Financial Liabilities Measured at FVTPL			8,476,328	12,589,720	21,066,048	4,954,713	5,961,041	10,915,754
7.2 Derivative Financial Liabilities Measured at FVOCI			45,680	53,853	99,533	29,731	6,875	36,606
VIII. FACTORING LIABILITIES	5.2.7		-	-	-	-	-	-
IX. LEASE LIABILITIES (Net)	5.2.8		1,434,322	523,910	1,958,232	1,071,865	387,385	1,459,250
X. PROVISIONS	5.2.9		9,558,761	12,693,223	22,251,984	8,382,488	13,093,913	21,476,401
10.1 Restructuring Reserves			-	-	-	-	-	-
10.2 Reserve for Employee Benefits			3,124,925	279,446	3,404,371	3,478,801	274,427	3,753,228
10.3 Insurance Technical Provisions (Net)			1,592,663	1,555,507	3,148,170	1,392,752	877,772	2,270,524
10.4 Other Provisions			4,841,173	10,858,270	15,699,443	3,510,935	11,941,714	15,452,649
XI. CURRENT TAX LIABILITY	5.2.10		7,045,570	300,463	7,346,033	7,755,761	294,566	8,050,327
XII. DEFERRED TAX LIABILITY	5.2.10		33,539	93,877	127,416	129,591	68,237	197,828
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		1,022,527	19,984,246	21,006,773	1,021,983	14,223,946	15,245,929
14.1 Borrowings			-	564,236	564,236	-	177,086	177,086
14.2 Other Debt Instruments			1,022,527	19,420,010	20,442,537	1,021,983	14,046,860	15,068,843
XV. OTHER LIABILITIES	5.2.13		54,614,701	22,650,262	77,264,963	52,080,998	12,467,072	64,548,070
XVI. SHAREHOLDERS' EQUITY	5.2.14		187,736,563	795,310	188,531,873	152,453,361	670,759	153,124,120
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			11,462,850	433,246	11,896,096	4,362,383	199,038	4,561,421
16.4 Other Comprehensive Income/Expense Items to be Recycled to Profit or Loss			23,105,723	(223,847)	22,881,876	20,091,780	(177,731)	19,914,049
16.5 Profit Reserves			113,987,906	585,911	114,573,817	63,133,332	649,452	63,782,784
16.5.1 Legal Reserves			2,938,316	405,762	3,344,078	1,855,184	287,765	2,142,949
16.5.2 Status Reserves			-	-	-	-	-	-
16.5.3 Extraordinary Reserves			110,794,946	-	110,794,946	61,173,883	-	61,173,883
16.5.4 Other Profit Reserves			254,644	180,149	434,793	104,265	361,687	465,952
16.6 Profit/Loss			33,584,124	-	33,584,124	59,396,697	-	59,396,697
16.6.1 Prior Periods' Profit/Loss			-	-	-	1,111,319	-	1,111,319
16.6.2 Current Period's Net Profit/Loss			33,584,124	-	33,584,124	58,285,378	-	58,285,378
16.7 Minority Interest			611,526	-	611,526	484,735	-	484,735
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>			<b>1,040,860,279</b>	<b>850,232,498</b>	<b>1,891,092,777</b>	<b>661,691,961</b>	<b>641,886,522</b>	<b>1,303,578,483</b>

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 Off-Balance Sheet Items**  
**At 30 June 2023**

	Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
		CURRENT PERIOD			PRIOR PERIOD		
		30 June 2023			31 December 2022		
		TL	FC	Total	TL	FC	Total
<b>A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)</b>		<b>931,986,459</b>	<b>1,112,544,589</b>	<b>2,044,531,048</b>	<b>671,097,930</b>	<b>891,778,505</b>	<b>1,562,876,435</b>
<b>I. GUARANTEES AND SURETIES</b>	<b>5.3.1</b>	<b>161,099,893</b>	<b>172,597,966</b>	<b>333,697,859</b>	<b>109,607,909</b>	<b>122,760,648</b>	<b>232,368,557</b>
1.1 Letters of guarantee		149,269,819	123,209,312	272,479,131	103,006,476	84,083,930	187,090,406
1.1.1 Guarantees subject to State Tender Law		-	3,807,460	3,807,460	-	3,426,185	3,426,185
1.1.2 Guarantees given for foreign trade operations		4,788,818	4,948,443	9,737,261	4,397,754	2,191,958	6,589,712
1.1.3 Other letters of guarantee		144,481,001	114,453,409	258,934,410	98,608,722	78,465,787	177,074,509
1.2 Bank acceptances		799,621	5,048,012	5,847,633	496,948	3,421,615	3,918,563
1.2.1 Import letter of acceptance		799,621	5,048,012	5,847,633	496,948	3,421,615	3,918,563
1.2.2 Other bank acceptances		-	-	-	-	-	-
1.3 Letters of credit		362,485	42,730,989	43,093,474	746,185	34,313,538	35,059,723
1.3.1 Documentary letters of credit		-	-	-	-	-	-
1.3.2 Other letters of credit		362,485	42,730,989	43,093,474	746,185	34,313,538	35,059,723
1.4 Guaranteed prefinancings		-	-	-	-	-	-
1.5 Endorsements		10,667,968	112,360	10,780,328	5,358,300	295,471	5,653,771
1.5.1 Endorsements to the Central Bank of Turkey		10,667,968	112,360	10,780,328	5,358,300	295,471	5,653,771
1.5.2 Other endorsements		-	-	-	-	-	-
1.6 Underwriting commitments		-	-	-	-	-	-
1.7 Factoring related guarantees		-	-	-	-	-	-
1.8 Other guarantees		-	1,497,293	1,497,293	-	646,094	646,094
1.9 Other sureties		-	-	-	-	-	-
<b>II. COMMITMENTS</b>	<b>5.3.1</b>	<b>402,327,453</b>	<b>44,716,790</b>	<b>447,044,243</b>	<b>218,307,341</b>	<b>31,192,316</b>	<b>249,499,657</b>
2.1 Irrevocable commitments		398,840,618	28,663,506	427,504,124	215,581,203	19,686,627	235,267,830
2.1.1 Asset purchase and sale commitments		801,189	9,797,526	10,598,715	5,186,628	13,131,771	18,318,399
2.1.2 Deposit purchase and sale commitments		-	-	-	-	-	-
2.1.3 Share capital commitments to associates and subsidiaries		-	4,237	4,237	-	6,102	6,102
2.1.4 Loan granting commitments		97,623,889	8,922,500	106,546,389	66,318,811	4,373,698	70,692,509
2.1.5 Securities issuance brokerage commitments		-	-	-	-	-	-
2.1.6 Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7 Commitments for cheque payments		9,435,047	-	9,435,047	5,515,488	-	5,515,488
2.1.8 Tax and fund obligations on export commitments		544,586	-	544,586	342,576	-	342,576
2.1.9 Commitments for credit card limits		290,431,078	2,925,961	293,357,039	138,214,417	1,949,586	140,164,003
2.1.10 Commitments for credit cards and banking services related promotions		4,829	-	4,829	3,283	-	3,283
2.1.11 Receivables from "short" sale commitments on securities		-	-	-	-	-	-
2.1.12 Payables from "short" sale commitments on securities		-	-	-	-	-	-
2.1.13 Other irrevocable commitments		-	7,013,282	7,013,282	-	225,470	225,470
2.2 Revocable commitments		3,486,835	16,053,284	19,540,119	2,726,138	11,505,689	14,231,827
2.2.1 Revocable loan granting commitments		465,385	13,442,149	13,907,534	614,415	8,683,209	9,297,624
2.2.2 Other revocable commitments		3,021,450	2,611,135	5,632,585	2,111,723	2,822,480	4,934,203
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>	<b>5.3.2</b>	<b>368,559,113</b>	<b>895,229,833</b>	<b>1,263,788,946</b>	<b>343,182,680</b>	<b>737,825,541</b>	<b>1,081,008,221</b>
3.1 Derivative financial instruments held for risk management		7,564,077	66,281,391	73,845,468	6,845,713	63,054,448	69,900,161
3.1.1 Fair value hedges		-	32,504,498	32,504,498	-	18,740,678	18,740,678
3.1.2 Cash flow hedges		7,564,077	33,776,893	41,340,970	6,845,713	44,313,770	51,159,483
3.1.3 Net foreign investment hedges		-	-	-	-	-	-
3.2 Trading derivatives		360,995,036	828,948,442	1,189,943,478	336,336,967	674,771,093	1,011,108,060
3.2.1 Forward foreign currency purchases/sales		50,542,475	64,853,127	115,395,602	28,750,548	36,107,056	64,857,604
3.2.1.1 Forward foreign currency purchases		39,682,075	17,297,675	56,979,750	26,847,707	6,125,174	32,972,881
3.2.1.2 Forward foreign currency sales		10,860,400	47,555,452	58,415,852	1,902,841	29,981,882	31,884,723
3.2.2 Currency and interest rate swaps		177,332,914	470,520,951	647,853,865	242,486,045	484,949,862	727,435,907
3.2.2.1 Currency swaps-purchases		1,021,782	115,566,457	116,588,239	14,428,681	193,137,881	207,566,562
3.2.2.2 Currency swaps-sales		37,953,836	96,851,854	134,805,690	130,336,228	94,361,813	224,698,041
3.2.2.3 Interest rate swaps-purchases		69,178,648	129,056,320	198,234,968	48,860,568	98,725,084	147,585,652
3.2.2.4 Interest rate swaps-sales		69,178,648	129,046,320	198,224,968	48,860,568	98,725,084	147,585,652
3.2.3 Currency, interest rate and security options		130,405,221	175,484,263	305,889,484	61,410,164	66,783,796	128,193,960
3.2.3.1 Currency call options		127,223,647	6,328,449	133,552,096	56,297,080	5,668,401	61,965,481
3.2.3.2 Currency put options		3,145,329	162,292,484	165,437,813	4,988,213	55,625,430	60,613,643
3.2.3.3 Interest rate call options		-	4,269,343	4,269,343	-	3,423,170	3,423,170
3.2.3.4 Interest rate put options		-	2,593,987	2,593,987	-	2,066,795	2,066,795
3.2.3.5 Security call options		8,555	-	8,555	1,558	-	1,558
3.2.3.6 Security put options		27,690	-	27,690	123,313	-	123,313
3.2.4 Currency futures		1,136,631	1,157,111	2,293,742	1,095,258	966,375	2,061,633
3.2.4.1 Currency futures-purchases		1,136,631	-	1,136,631	1,014,417	79,016	1,093,433
3.2.4.2 Currency futures-sales		-	1,157,111	1,157,111	80,841	887,359	968,200
3.2.5 Interest rate futures		-	-	-	-	-	-
3.2.5.1 Interest rate futures-purchases		-	-	-	-	-	-
3.2.5.2 Interest rate futures-sales		-	-	-	-	-	-
3.2.6 Others		1,577,795	116,932,990	118,510,785	2,594,952	85,964,004	88,558,956
<b>B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)</b>		<b>2,300,538,176</b>	<b>4,253,100,571</b>	<b>6,553,638,747</b>	<b>1,763,916,306</b>	<b>2,929,814,698</b>	<b>4,693,731,004</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>282,469,750</b>	<b>275,152,858</b>	<b>557,622,608</b>	<b>223,862,156</b>	<b>175,855,978</b>	<b>399,718,134</b>
4.1 Customers' securities held		185,319,814	-	185,319,814	142,781,394	-	142,781,394
4.2 Investment securities held in custody		19,944,633	152,353,992	172,298,625	24,555,572	86,675,159	111,230,731
4.3 Checks received for collection		68,727,060	17,540,582	86,267,642	50,307,847	13,539,627	63,847,474
4.4 Commercial notes received for collection		7,157,001	3,042,422	10,199,423	5,291,418	2,181,164	7,472,582
4.5 Other assets received for collection		487,028	88,425,926	88,912,954	381,599	64,271,009	64,652,608
4.6 Assets received through public offering		-	626,080	626,080	-	452,123	452,123
4.7 Other items under custody		834,214	13,163,856	13,998,070	544,326	8,736,896	9,281,222
4.8 Custodians		-	-	-	-	-	-
<b>V. PLEDGED ITEMS</b>		<b>2,018,068,426</b>	<b>3,977,947,713</b>	<b>5,996,016,139</b>	<b>1,540,054,150</b>	<b>2,753,958,720</b>	<b>4,294,012,870</b>
5.1 Securities		35,355,480	20,164,878	55,520,358	16,399,213	11,846,706	28,245,919
5.2 Guarantee notes		22,667,911	72,050,751	94,718,662	22,882,786	52,708,119	75,590,905
5.3 Commodities		180,163	-	180,163	799,406	-	799,406
5.4 Warrants		-	3,216,408	3,216,408	-	1,663,667	1,663,667
5.5 Real estates		536,965,238	575,985,386	1,112,950,624	366,121,707	434,988,472	801,110,179
5.6 Other pledged items		1,422,899,634	3,306,530,290	4,729,429,924	1,133,851,038	2,252,751,756	3,386,602,794
5.7 Pledged items-depository		-	-	-	-	-	-
<b>VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL OFF-BALANCE SHEET ITEMS (A+B)</b>		<b>3,232,524,635</b>	<b>5,365,645,160</b>	<b>8,598,169,795</b>	<b>2,435,014,236</b>	<b>3,821,593,203</b>	<b>6,256,607,439</b>

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 Profit or Loss**  
**At 30 June 2023**

INCOME AND EXPENSE ITEMS		Footnotes	THOUSANDS OF TURKISH LIRA (TL)			
			CURRENT PERIOD 1 January 2023- 30 June 2023	PRIOR PERIOD 1 January 2022- 30 June 2022	CURRENT PERIOD 1 April 2023- 30 June 2023	PRIOR PERIOD 1 April 2022- 30 June 2022
<b>I.</b>	<b>INTEREST INCOME</b>	<b>5.4.1</b>	<b>82,523,503</b>	<b>48,418,679</b>	<b>45,783,404</b>	<b>26,325,478</b>
1.1	Interest income on loans		59,079,994	34,965,741	32,851,253	19,492,123
1.2	Interest income on reserve deposits		283,680	284,070	263,132	41,449
1.3	Interest income on banks		1,482,550	154,524	943,699	100,609
1.4	Interest income on money market transactions		1,602,664	1,697,113	987,722	684,817
1.5	Interest income on securities portfolio		17,702,534	10,389,678	9,412,953	5,495,781
1.5.1	Financial assets measured at FVTPL		152,348	108,461	82,247	18,152
1.5.2	Financial assets measured at FVOCI		7,455,294	5,522,725	3,783,030	2,774,613
1.5.3	Financial assets measured at amortised cost		10,094,892	4,758,492	5,547,676	2,703,016
1.6	Financial lease income		1,563,024	644,563	906,999	357,545
1.7	Other interest income		809,057	282,990	417,646	153,154
<b>II.</b>	<b>INTEREST EXPENSE (-)</b>	<b>5.4.2</b>	<b>45,747,788</b>	<b>17,438,064</b>	<b>27,674,745</b>	<b>9,588,696</b>
2.1	Interest on deposits		39,294,577	13,718,492	24,084,096	7,521,913
2.2	Interest on funds borrowed		3,072,972	1,114,418	1,986,769	593,059
2.3	Interest on money market transactions		1,059,343	378,861	738,842	258,279
2.4	Interest on securities issued		1,319,476	1,500,425	647,927	817,008
2.5	Lease interest expense		125,972	80,734	68,541	42,371
2.6	Other interest expenses		875,448	645,134	148,570	356,066
<b>III.</b>	<b>NET INTEREST INCOME (I - II)</b>		<b>36,775,715</b>	<b>30,980,615</b>	<b>18,108,659</b>	<b>16,736,782</b>
<b>IV.</b>	<b>NET FEES AND COMMISSIONS INCOME/EXPENSES</b>	<b>5.4.12</b>	<b>14,274,584</b>	<b>7,087,881</b>	<b>7,666,349</b>	<b>3,881,838</b>
4.1	Fees and commissions received		19,224,422	9,962,620	10,478,136	5,585,357
4.1.1	Non-cash loans		1,447,097	825,086	798,623	450,065
4.1.2	Others		17,777,325	9,137,534	9,679,513	5,135,292
4.2	Fees and commissions paid (-)		4,949,838	2,874,739	2,811,787	1,703,519
4.2.1	Non-cash loans		32,324	35,314	15,018	19,812
4.2.2	Others		4,917,514	2,839,425	2,796,769	1,683,707
<b>V.</b>	<b>DIVIDEND INCOME</b>	<b>5.4.3</b>	<b>44,378</b>	<b>62,685</b>	<b>32,379</b>	<b>48,636</b>
<b>VI.</b>	<b>NET TRADING INCOME/LOSSES (Net)</b>	<b>5.4.4</b>	<b>18,809,868</b>	<b>5,935,748</b>	<b>14,354,499</b>	<b>3,542,192</b>
6.1	Trading account income/losses		3,449,090	4,508,617	2,612,621	3,292,414
6.2	Income/losses from derivative financial instruments		(5,733,268)	(19,123,930)	(5,842,544)	(5,458,176)
6.3	Foreign exchange gains/losses		21,094,046	20,551,061	17,584,422	5,707,954
<b>VII.</b>	<b>OTHER OPERATING INCOME</b>	<b>5.4.5</b>	<b>16,994,916</b>	<b>9,373,061</b>	<b>6,802,188</b>	<b>4,605,656</b>
<b>VIII.</b>	<b>TOTAL OPERATING PROFIT (III+IV+V+VI+VII)</b>		<b>86,899,461</b>	<b>53,439,990</b>	<b>46,964,074</b>	<b>28,815,104</b>
<b>IX.</b>	<b>EXPECTED CREDIT LOSSES (-)</b>	<b>5.4.6</b>	<b>22,342,116</b>	<b>13,382,139</b>	<b>11,996,818</b>	<b>6,231,208</b>
<b>X.</b>	<b>OTHER PROVISIONS (-)</b>	<b>5.4.6</b>	<b>51,814</b>	<b>2,189,856</b>	<b>21,486</b>	<b>1,060,156</b>
<b>XI.</b>	<b>PERSONNEL EXPENSES (-)</b>		<b>8,923,274</b>	<b>4,312,436</b>	<b>4,649,187</b>	<b>2,289,385</b>
<b>XII.</b>	<b>OTHER OPERATING EXPENSES (-)</b>	<b>5.4.7</b>	<b>15,590,603</b>	<b>6,745,700</b>	<b>7,881,161</b>	<b>3,483,228</b>
<b>XIII.</b>	<b>NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)</b>		<b>39,991,654</b>	<b>26,809,859</b>	<b>22,415,422</b>	<b>15,751,127</b>
<b>XIV.</b>	<b>INCOME RESULTED FROM MERGERS</b>		-	-	-	-
<b>XV.</b>	<b>INCOME/LOSS FROM INVESTMENTS UNDER EQUITY</b>		<b>902,770</b>	<b>486,457</b>	<b>415,424</b>	<b>215,634</b>
<b>XVI.</b>	<b>GAIN/LOSS ON NET MONETARY POSITION</b>		-	-	-	-
<b>XVII.</b>	<b>PROFIT/LOSS BEFORE TAXES (XIII+...+XVI)</b>	<b>5.4.8</b>	<b>40,894,424</b>	<b>27,296,316</b>	<b>22,830,846</b>	<b>15,966,761</b>
<b>XVIII.</b>	<b>PROVISION FOR TAXES (±)</b>	<b>5.4.9</b>	<b>7,084,684</b>	<b>6,115,293</b>	<b>4,473,663</b>	<b>3,048,352</b>
18.1	Current tax charge		10,995,898	7,593,236	6,484,926	(53,590)
18.2	Deferred tax charge (+)		2,477,788	4,137,095	1,578,023	3,711,525
18.3	Deferred tax credit (-)		(6,389,002)	(5,615,038)	(3,589,286)	(609,583)
<b>XIX.</b>	<b>NET OPERATING PROFIT/LOSS AFTER TAXES (XVII±XVIII)</b>	<b>5.4.10</b>	<b>33,809,740</b>	<b>21,181,023</b>	<b>18,357,183</b>	<b>12,918,409</b>
<b>XX.</b>	<b>INCOME FROM DISCONTINUED OPERATIONS</b>		-	-	-	-
20.1	Income from assets held for sale		-	-	-	-
20.2	Income from sale of associates, subsidiaries and joint-ventures		-	-	-	-
20.3	Others		-	-	-	-
<b>XXI.</b>	<b>EXPENSES FROM DISCONTINUED OPERATIONS (-)</b>		-	-	-	-
21.1	Expenses on assets held for sale		-	-	-	-
21.2	Expenses on sale of associates, subsidiaries and joint-ventures		-	-	-	-
21.3	Others		-	-	-	-
<b>XXII.</b>	<b>PROFIT/LOSS BEFORE TAXES ON DISCONTINUED OPERATIONS</b>	<b>5.4.8</b>	-	-	-	-
<b>XXIII.</b>	<b>PROVISION FOR TAXES OF DISCONTINUED OPERATIONS (±)</b>	<b>5.4.9</b>	-	-	-	-
23.1	Current tax charge		-	-	-	-
23.2	Deferred tax charge (+)		-	-	-	-
23.3	Deferred tax credit (-)		-	-	-	-
<b>XXIV.</b>	<b>NET PROFIT/LOSS AFTER TAXES ON DISCONTINUED OPERATIONS</b>	<b>5.4.10</b>	-	-	-	-
<b>XXV.</b>	<b>NET PROFIT/LOSS (XIX+XXIV)</b>	<b>5.4.11</b>	<b>33,809,740</b>	<b>21,181,023</b>	<b>18,357,183</b>	<b>12,918,409</b>
25.1	Equity holders of the bank		33,584,124	21,084,901	18,218,281	12,869,219
25.2	Minority interest		225,616	96,122	138,902	49,190
<b>Earnings per Share</b>			<b>0.07996</b>	<b>0.05020</b>	<b>0.04338</b>	<b>0.03064</b>

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 Profit or Loss and Other Comprehensive Income**  
**At 30 June 2023**

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		THOUSANDS OF TURKISH LIRA (TL)	
		CURRENT PERIOD 1 January 2023 - 30 June 2023	PRIOR PERIOD 1 January 2022 - 30 June 2022
<b>I.</b>	<b>CURRENT PERIOD PROFIT/LOSS</b>	<b>33,809,740</b>	<b>21,181,023</b>
<b>II.</b>	<b>OTHER COMPREHENSIVE INCOME</b>	<b>10,301,741</b>	<b>11,902,511</b>
<b>2.1</b>	<b>Other Income/Expense Items not to be Recycled to Profit or Loss</b>	<b>7,334,448</b>	<b>1,238,831</b>
2.1.1	Revaluation Surplus on Tangible Assets	3,617,977	1,412,878
2.1.2	Revaluation Surplus on Intangible Assets	-	-
2.1.3	Defined Benefit Plans' Actuarial Gains/Losses	48,443	194
2.1.4	Other Income/Expense Items not to be Recycled to Profit or Loss	521,015	67,073
2.1.5	Deferred Taxes on Other Comprehensive Income not to be Recycled to Profit or Loss	3,147,013	(241,314)
<b>2.2</b>	<b>Other Income/Expense Items to be Recycled to Profit or Loss</b>	<b>2,967,293</b>	<b>10,663,680</b>
2.2.1	Translation Differences	9,139,431	2,468,417
2.2.2	Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at FVOCI	(5,574,189)	11,103,386
2.2.3	Gains/losses from Cash Flow Hedges	1,796,395	884,360
2.2.4	Gains/Losses on Hedges of Net Investments in Foreign Operations	(4,315,227)	(1,193,846)
2.2.5	Other Income/Expense Items to be Recycled to Profit or Loss	(64,563)	-
2.2.6	Deferred Taxes on Other Comprehensive Income to be Recycled to Profit or Loss	1,985,446	(2,598,637)
<b>III.</b>	<b>TOTAL COMPREHENSIVE INCOME (I+II)</b>	<b>44,111,481</b>	<b>33,083,534</b>

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 2023**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY		Footnotes	THOUSANDS OF TURKISH LIRA (TL)															
			Paid-in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves	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			Profit Reserves	Prior Periods' Profit/Loss	Current Period's Net Profit/Loss	Shareholders' Equity Before Minority Interest	Minority Interest	Total Shareholders' Equity
							Revaluation surplus on tangible and intangible assets	Defined Benefit Plans' Actuarial Gains/Losses	Others	Foreign Currency Translation Differences	Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at FVOCI	Others						
PRIOR PERIOD (01/01/2022-30/06/2022)																		
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
CURRENT PERIOD (01/01/2023-30/06/2023)																		
I.	Balances at Beginning of Period		4,200,000	11,880	-	772,554	5,405,144	(1,315,532)	471,809	15,758,923	8,711,262	(4,556,136)	63,782,784	59,396,697	-	152,639,385	484,735	153,124,120
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	5,405,144	(1,315,532)	471,809	15,758,923	8,711,262	(4,556,136)	63,782,784	59,396,697	-	152,639,385	484,735	153,124,120
IV.	Total Comprehensive Income		-	-	-	-	6,791,444	36,559	506,672	9,139,431	(4,293,993)	(1,877,611)	-	-	33,584,124	43,886,626	224,855	44,111,481
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		-	-	-	-	-	-	-	-	-	-	170,710	-	-	170,710	-	170,710
XI.	Profit Distribution		-	-	-	-	-	-	-	-	-	-	50,620,323	(59,396,697)	-	(8,776,374)	(98,064)	(8,874,438)
11.1	Dividends		-	-	-	-	-	-	-	-	-	-	-	(8,776,374)	-	(8,776,374)	(98,064)	(8,874,438)
11.2	Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	50,469,944	(50,469,944)	-	-	-	-
11.3	Others		-	-	-	-	-	-	-	-	-	-	150,379	(150,379)	-	-	-	-
	Balances at end of the period (III+IV+...+X+XI)		4,200,000	11,880	-	772,554	12,196,588	(1,278,973)	978,481	24,898,354	4,417,269	(6,433,747)	114,573,817	-	33,584,124	187,920,347	611,526	188,531,873



*(Convenience Translation of Financial Statements Originally Issued in Turkish)*

**Türkiye Garanti Bankası Anonim Şirketi and Its Financial Subsidiaries**  
**Consolidated Statement of Cash Flows**  
**At 30 June 2023**

STATEMENT OF CASH FLOWS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)	
		CURRENT PERIOD 1 January 2023- 30 June 2023	PRIOR PERIOD 1 January 2022 - 30 June 2022
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
<b>1.1 Operating profit before changes in operating assets and liabilities</b>	<b>5.6</b>	<b>12,035,338</b>	<b>25,287,762</b>
1.1.1 Interests received		158,005,135	46,132,666
1.1.2 Interests paid		(36,411,512)	(8,696,797)
1.1.3 Dividend received		44,378	62,685
1.1.4 Fees and commissions received		19,224,422	9,962,620
1.1.5 Other income		16,994,916	9,373,061
1.1.6 Collections from previously written-off receivables		676,785	523,111
1.1.7 Cash payments to personnel and service suppliers		(21,065,522)	(9,402,157)
1.1.8 Taxes paid		(9,809,972)	(12,498,067)
1.1.9 Others		(115,623,292)	(10,169,360)
<b>1.2 Changes in operating assets and liabilities</b>	<b>5.6</b>	<b>109,376,436</b>	<b>(1,855,782)</b>
1.2.1 Net (increase) decrease in financial assets measured at FVTPL		(2,127,691)	3,066,241
1.2.2 Net (increase) decrease in due from banks		(63,335,050)	(31,239,857)
1.2.3 Net (increase) decrease in loans		(256,205,153)	(150,122,009)
1.2.4 Net (increase) decrease in other assets		(2,266,024)	(6,293,012)
1.2.5 Net increase (decrease) in bank deposits		1,981,279	7,539,150
1.2.6 Net increase (decrease) in other deposits		396,035,883	146,483,518
1.2.7 Net increase (decrease) in financial liabilities measured at FVTPL		-	-
1.2.8 Net increase (decrease) in funds borrowed		22,988,833	11,998,188
1.2.9 Net increase (decrease) in matured payables		-	-
1.2.10 Net increase (decrease) in other liabilities		12,304,359	16,711,999
<b>I. Net cash flow from banking operations</b>	<b>5.6</b>	<b>121,411,774</b>	<b>23,431,980</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>II. Net cash flow from investing activities</b>	<b>5.6</b>	<b>(43,190,080)</b>	<b>(33,483,788)</b>
2.1 Cash paid for purchase of associates, subsidiaries and joint-ventures		(12,390)	(10,000)
2.2 Cash obtained from sale of associates, subsidiaries and joint-ventures		-	-
2.3 Purchases of tangible assets		(2,727,591)	(1,226,042)
2.4 Sales of tangible assets		(109,897)	354,345
2.5 Cash paid for purchase of financial assets measured at FVOCI		(24,856,598)	(23,635,862)
2.6 Cash obtained from sale of financial assets measured at FVOCI		21,061,423	12,610,773
2.7 Cash paid for purchase of financial assets measured at amortised cost		(49,160,554)	(23,774,582)
2.8 Cash obtained from sale of financial assets measured at amortised cost		12,615,527	2,197,580
2.9 Others		-	-
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III. Net cash flow from financing activities</b>		<b>(1,345,795)</b>	<b>10,651,824</b>
3.1 Cash obtained from funds borrowed and securities issued		40,692,570	18,615,931
3.2 Cash used for repayment of funds borrowed and securities issued		(32,841,904)	(6,398,627)
3.3 Equity instruments issued		-	-
3.4 Dividends paid		(8,776,374)	(1,307,331)
3.5 Payments for leases		(420,087)	(258,149)
3.6 Others		-	-
<b>IV. Effect of translation differences on cash and cash equivalents</b>	<b>5.6</b>	<b>31,348,895</b>	<b>7,889,218</b>
<b>V. Net increase/(decrease) in cash and cash equivalents (I+II+III+IV)</b>	<b>5.6</b>	<b>108,224,794</b>	<b>8,489,234</b>
<b>VI. Cash and cash equivalents at beginning of period</b>	<b>5.6</b>	<b>149,464,537</b>	<b>122,462,323</b>
<b>VII. Cash and cash equivalents at end of period (V+VI)</b>	<b>5.6</b>	<b>257,689,331</b>	<b>130,951,557</b>

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 2023 have no material effect on the financial statements, financial performance, and on the Bank’s accounting policies. New and revised Turkish Accounting Standards issued but not yet effective as of the finalization date of the financial statements have no material effect on the financial statements, financial performance, and on the Bank’s accounting policies.

##### **3.1.2 Other**

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

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

## **3.2 Strategy for use of financial instruments and foreign currency transactions**

### **3.2.1 Strategy for use of financial instruments**

The liability side of the 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 are 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, and 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 527,280,460 (31 December 2022: EUR 501,598,663) 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 12,086,777 (31 December 2022: TL 7,771,551), arising from conversion of both foreign currency investments and long-term foreign currency borrowings are accounted under capital reserves and other comprehensive income/expense items to be recycled to profit/loss, respectively under equity as of 30 June 2023. There is no ineffective portion arising from net investment hedge accounting.

### **3.3 Information on consolidated subsidiaries**

As of 30 June 2023, 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 1999. 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 Doğu 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 until 31 December 2022, the Bank started to use the TLREF-based OIS (“Overnight Indexed Swap”) market curve in order to reflect the fair value measurement more accurately for CBRT swap transactions and performed the necessary fair value measurement adjustments. Starting from 1 January 2023, the parent Bank started to use the same market curve for swap and forward transactions and performed the necessary fair value measurement adjustments.

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

Liabilities and receivables arising from the derivative instruments are 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 implementation 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 are 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 is 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.

#### Financial lease activities

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 for 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 is 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 are 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 are 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 gains/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, may be 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 increases 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 for 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. Default status starts on the 91st day.
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 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 last quarter of 2022 and has calculated credit losses provision is continued to calculated based on the updated model during 2022.

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

### **3.8.1.1 *Loan commitments and non-cash loans***

The expected credit losses on a loan commitment shall be discounted using the effective interest rate, or an approximation thereof, that will be applied when recognising the financial asset resulting from the loan commitment. This is because for the purpose of applying the impairment requirements, a financial asset that is recognised following a drawdown 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.

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 increases 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 increases in credit risk and expected credit loss assessments quarterly.



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

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

### **3.8.3 Significant increase in credit risk**

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 fulfill 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 of 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 27 November 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, in 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.

### **3.13 Tangible assets**

The cost of the tangible assets purchased before 31 December 2004 is 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 expenses.

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.

<b>Tangible assets</b>	<b>Estimated Useful Lives (Years)</b>	<b>Depreciation Rates (%)</b>
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 by 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 leases. The rent payments for leases that meet the conditions of exemptions stated in TFRS 16, are recognized as expense in related periods’ statements 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.

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 of 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 who retired or were 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 compliance with the Turkish Accounting Standard 19 (TAS 19) "Employee Benefits" for all its employees who retired or whose employment is terminated, called up for military service or died.

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

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

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.

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

The Plan is funded through contributions of both the employees and the employer as required by Social Security Law No. 506. These contributions are as follows:

	<i>Current Period</i>		<i>Prior Period</i>	
	<b>Employer</b>	<b>Employee</b>	<b>Employer</b>	<b>Employee</b>
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, is 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-year 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. On 3 March 2023, the Group has recognised the necessary changes in the retirement pay liability and pension plans in the consolidated financial statements in accordance with the Law No. 5510 on the Amendment of the Social Security and General Health Insurance Law No. 5510 and the Decree Law No. 375 (known as the "Early Retirement Law") published in the Official Gazette.

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

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

Dividends paid to the resident institutions and the institutions working through local offices or representatives 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 withholding tax rate on the dividend payments other than the ones paid to the nonresident institutions generating income in Turkey through their operations or permanent representatives and the resident institutions has been changed to 10% from 15% by the Presidential decision published in the Official Gazette No. 31697 dated 22 December 2021. In applying the withholding tax rates on dividend payments to the nonresident institutions and the individuals, the withholding tax rates covered in the related Double Tax Treaty Agreements are taken into account. Appropriation of the retained earnings to capital is not considered as profit distribution and therefore is not subject to withholding tax.

The prepaid taxes are calculated and paid at the rates valid for the earnings of the related years. The prepayments can be deducted from the annual corporate tax calculated for the whole year's 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 preemption rights and 50% of earnings generated through sale of real estates held at least for two years by the institutions are exempt from the corporate tax with the conditions that such earnings shall be held in a special reserve account under equity until the end of five years following the year of sale and shall be collected as cash until the end of the following two fiscal years.

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

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

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

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

The tax applications for foreign branches;

#### ***NORTHERN CYPRUS***

According to the Corporate Tax Law of the Turkish Republic of Northern Cyprus No.41/1976 as amended, the corporate earnings (including foreign corporations) are subject to a 10% corporate tax and 15% income tax. This tax is calculated based on the income that the taxpayers earn in an accounting period. Tax base is determined by modifying accounting income for certain exclusions and allowances for tax purposes. The corporations cannot benefit from the rights of offsetting losses, investment incentives and amortisation unless they prepare and have certified their balance sheets, income statements and accounting records used for tax calculations by an auditor authorized by the Ministry of Finance. In cases where it is revealed that the earnings of a corporation were not subject to taxation in prior years or the tax paid on such earnings is 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's 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 are 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 19% for tax profits up to EUR 200,000 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.

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

If transactions and events are recorded in the 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 on 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 as “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 2023, the Bank or its financial subsidiaries do not have any government incentives or grants (31 December 2022: 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 deposits, 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 types 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, chequebooks, Turkish Lira and foreign currency deposits, investment accounts, internet banking and call-center, debit cards and bill payment modules.

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

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

<b>Current Period</b>	<b>Retail Banking</b>	<b>Corporate Banking</b>	<b>Investment Banking</b>	<b>Other</b>	<b>Total Operations</b>
Net Interest Income	13,362,307	19,525,040	(3,186,518)	7,074,886	36,775,715
Net Fees And Commissions Income	9,552,202	4,415,657	(4,744)	311,469	14,274,584
Dividend Income	-	-	-	44,378	44,378
Net Trading Income/Losses (Net)	1,171,244	7,990,629	6,742,703	2,905,292	18,809,868
Other Operating Income (*)	93,130	682,940	28,433	5,578,415	6,382,918
Expected Credit Losses (*)	(4,706,483)	(6,887,527)	(677,426)	541,318	(11,730,118)
Other Provisions	(202)	-	-	(51,612)	(51,814)
Personnel and Other Operating Expenses	(12,128,765)	(4,090,550)	(444,978)	(7,849,584)	(24,513,877)
Income/Loss From Investments Under Equity Accounting	-	-	-	902,770	902,770
<b>Net Operating Profit</b>	<b>7,343,433</b>	<b>21,636,189</b>	<b>2,457,470</b>	<b>9,457,332</b>	<b>40,894,424</b>
Provision for Taxes	-	-	-	(7,084,684)	(7,084,684)
<b>Net Profit</b>	<b>7,343,433</b>	<b>21,636,189</b>	<b>2,457,470</b>	<b>2,372,648</b>	<b>33,809,740</b>
Segment Assets	322,380,085	622,681,539	579,121,555	363,663,651	1,887,846,830
Investments in Associates and Subsidiaries	-	-	-	3,245,947	3,245,947
<b>Total Assets</b>	<b>322,380,085</b>	<b>622,681,539</b>	<b>579,121,555</b>	<b>366,909,598</b>	<b>1,891,092,777</b>
Segment Liabilities	939,767,079	483,954,214	167,873,703	110,965,908	1,702,560,904
Shareholders' Equity	-	-	-	188,531,873	188,531,873
<b>Total Liabilities and Shareholders' Equity</b>	<b>939,767,079</b>	<b>483,954,214</b>	<b>167,873,703</b>	<b>299,497,781</b>	<b>1,891,092,777</b>

<b>Prior Period</b>	<b>Retail Banking</b>	<b>Corporate Banking</b>	<b>Investment Banking</b>	<b>Other</b>	<b>Total Operations</b>
Net Interest Income	7,105,408	9,790,247	10,930,009	3,154,951	30,980,615
Net Fees And Commissions Income	4,874,656	2,029,517	(116,502)	300,210	7,087,881
Dividend Income	-	-	-	62,685	62,685
Net Trading Income/Losses (Net)	243,048	3,877,150	(1,101,073)	2,916,623	5,935,748
Other Operating Income (*)	374,914	195,945	12,304	2,590,281	3,173,444
Expected Credit 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 Operating Expenses	(5,097,534)	(2,239,000)	(401,212)	(3,320,390)	(11,058,136)
Income/Loss From Investments Under Equity Accounting	-	-	-	486,457	486,457
<b>Net Operating Profit</b>	<b>6,221,137</b>	<b>7,883,853</b>	<b>9,111,448</b>	<b>4,079,878</b>	<b>27,296,316</b>
Provision for Taxes	-	-	-	(6,115,293)	(6,115,293)
<b>Net Profit</b>	<b>6,221,137</b>	<b>7,883,853</b>	<b>9,111,448</b>	<b>(2,035,415)</b>	<b>21,181,023</b>
Segment Assets	217,813,066	503,893,520	401,778,779	177,812,156	1,301,297,521
Investments in Associates and Subsidiaries	-	-	-	2,280,962	2,280,962
<b>Total Assets</b>	<b>217,813,066</b>	<b>503,893,520</b>	<b>401,778,779</b>	<b>180,093,118</b>	<b>1,303,578,483</b>
Segment Liabilities	599,719,386	338,737,003	125,156,216	86,841,758	1,150,454,363
Shareholders' Equity	-	-	-	153,124,120	153,124,120
<b>Total Liabilities and Shareholders' Equity</b>	<b>599,719,386</b>	<b>338,737,003</b>	<b>125,156,216</b>	<b>239,965,878</b>	<b>1,303,578,483</b>

(\*) 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 13 April 2023, a decision has been made regarding appropriation of the unconsolidated net profit of the Bank deriving from operations in 2022 amounting to TL 58,509,158 and aforementioned distribution has been disclosed in Note 5.9.

### **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.

	<i>Current Period</i>	<i>Prior Period</i>
Distributable net profit	33,584,124	21,084,901
Average number of issued common shares (thousand)	420,000,000	420,000,000
Earnings per share (amounts presented full TL)	0.07996	0.05020

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.

As of 30 June 2023, there are no bonus shares issued (31 December 2022: 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.

### **3.29 Other disclosures**

None.

## **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 (\*)**

	<i>Current Period</i>	<i>Prior Period</i>
<b>COMMON EQUITY TIER I CAPITAL</b>		
Paid-in Capital to be Entitled for Compensation after All Creditors	4,972,554	4,972,554
Share Premium	11,880	11,880
Reserves	114,573,817	63,782,784
Other Comprehensive Income according to TAS	46,503,314	33,927,212
Profit	33,584,124	59,396,697
Current Period's Profit	33,584,124	58,285,378
Prior Periods' Profit	-	1,111,319
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	9,219	9,069
Minority Interest	314,226	211,148
<b>Common Equity Tier I Capital Before Deductions</b>	<b>199,969,134</b>	<b>162,311,344</b>
<b>Deductions From Common Equity Tier I Capital</b>		
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 (-)	12,298,577	8,959,825
Leasehold Improvements on Operational Leases (-)	128,562	111,522
Goodwill Netted with Deferred Tax Liabilities	-	-
Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights	1,202,893	1,214,857
Net Deferred Tax Asset/Liability (-)	-	-
Differences arise when assets and liabilities not held at fair value, are subjected to cash flow hedge accounting	-	-
Total credit losses that exceed total expected loss calculated according to the Regulation on Calculation of Credit Risk by Internal Ratings Based Approach	-	-
Securitization gains	-	-
Unrealized gains and losses from changes in bank's liabilities' fair values due to changes in creditworthiness	-	-
Net amount of defined benefit plans	-	-
Direct and Indirect Investments of the Bank on its own Tier I Capital (-)	-	-
Shares Obtained against Article 56, Paragraph 4 of the Banking Law (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Mortgage Servicing Rights Exceeding the 10% Threshold of Tier I Capital (-)	-	-
Net Deferred Tax Assets arising from Temporary Differences Exceeding the 10% Threshold of Tier I Capital (-)	-	-
Amount Exceeding the 15% Threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-

	<i>Current Period</i>	<i>Prior Period</i>
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 (-)	-	-
<b>Total Deductions from Common Equity Tier I Capital</b>	<b>13,630,032</b>	<b>10,286,204</b>
<b>Total Common Equity Tier I Capital</b>	<b>186,339,102</b>	<b>152,025,140</b>
<b>ADDITIONAL TIER I CAPITAL</b>		
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)	-	-
<b>Additional Tier I Capital before Deductions</b>	<b>-</b>	<b>-</b>
<b>Deductions from Additional Tier I Capital</b>		
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 (-)	-	-
<b>Items to be Deducted from Tier I Capital During the Transition Period</b>	<b>-</b>	<b>-</b>
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 (-)	-	-
<b>Total Deductions from Additional Tier I Capital</b>	<b>-</b>	<b>-</b>
<b>Total Additional Tier I Capital</b>	<b>-</b>	<b>-</b>
<b>Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)</b>	<b>186,339,102</b>	<b>152,025,140</b>
<b>TIER II CAPITAL</b>		
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	12,934,770	12,158,080
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-	-
Provisions (Amounts explained in the first paragraph of the Article 8 of the Regulation on Bank Capital)	12,807,730	10,212,658
<b>Total Deductions from Tier II Capital</b>	<b>25,742,500</b>	<b>22,370,738</b>
<b>Deductions from Tier II Capital</b>		
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	-	-



	<i>Current Period</i>	<i>Prior Period</i>
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 (-)	-	-
<b>Total Deductions from Tier II Capital</b>	-	-
<b>Total Tier II Capital</b>	<b>25,742,500</b>	<b>22,370,738</b>
<b>Total Equity (Total Tier I and Tier II Capital)</b>	<b>212,081,602</b>	<b>174,395,878</b>
<b>Total Tier I Capital and Tier II Capital (Total Equity)</b>		
Loans Granted against the Articles 50 and 51 of the Banking Law (-)	2,359	53
Other items to be Defined by the BRSA (-)	284	29
<b>Items to be Deducted from the Sum of Tier I and Tier II Capital (Capital) during the Transition Period</b>		
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 (-)	-	-
<b>CAPITAL</b>		
<b>Total Capital (Total of Tier I Capital and Tier II Capital)</b>	<b>212,078,959</b>	<b>174,395,796</b>
<b>Total Risk Weighted Assets</b>	<b>1,186,377,688</b>	<b>937,541,310</b>
<b>CAPITAL ADEQUACY RATIOS</b>		
<b>Consolidated CET1 Capital Ratio (%)</b>	<b>15.71</b>	<b>16.22</b>
<b>Consolidated Tier I Capital Ratio (%)</b>	<b>15.71</b>	<b>16.22</b>
<b>Consolidated Capital Adequacy Ratio (%)</b>	<b>17.88</b>	<b>18.60</b>
<b>BUFFERS</b>		
Total Additional CET1 Capital Requirement Ratio (a+b+c)	4.13	4.12
a) Capital Conservation Buffer Ratio (%)	2.50	2.50
b) Bank-specific Counter-Cyclical Capital Buffer Ratio (%)	0.13	0.12
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 (%)	9.71	10.22
<b>Amounts Lower Than Excesses as per Deduction Rules</b>		
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	-	-
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital	-	-
Remaining Mortgage Servicing Rights	-	-
Net Deferred Tax Assets arising from Temporary Differences	14,889,416	7,059,239

	<i>Current Period</i>	<i>Prior Period</i>
<b>Limits for Provisions Used in Tier II Capital Calculation</b>		
General Loan Provisions for Exposures in Standard Approach (before limit of one hundred and twenty five per ten thousand)	40,667,416	31,048,395
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	12,807,730	10,212,658
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	-	-
<b>Debt Instruments Covered by Temporary Article 4 (effective between 1.1.2018-1.1.2022)</b>	-	-
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 5 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 31 January 2023 and 21 December 2021, the amount subject to credit risk shall be calculated by using 30 December 2022 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 2023, the amount subject to credit risk in calculating the regulatory capital adequacy ratio was calculated by taking into account the regulation changes. If the regulation changes is not taken into account, the capital adequacy ratio decreases to 15.81% as of 30 June 2023.

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

#### 4.1.2 Items included in capital calculation

<i>Current Period</i>	<i>Information about instruments included in total capital calculation</i>		
Issuer	T. Garanti Bankası A.Ş.	T. Garanti Bankası A.Ş.	T. Garanti Bankası A.Ş.
Identifier (CUSIP, ISIN vb.)	Reg S: ISIN: XS1617531063 Common Code: 161753106 144A: CUSIP: 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.
<b>Regulatory treatment</b>			
Subject to 10% deduction as of 1/1/2015	No	No	No
Eligible on unconsolidated and /or consolidated basis	Eligible on unconsolidated and consolidated	Eligible on unconsolidated and consolidated	Eligible on unconsolidated and consolidated
Instrument type	Subordinated debt instruments (Notes)	Subordinated debt instruments (Notes)	Subordinated debt instruments (Notes)
Amount recognized in regulatory capital (Currency in TL million, as of most recent reporting date)	11,567 (31 December 2022: 11,155)	253 (31 December 2022: 253)	750 (31 December 2022: 750)
Nominal value of instrument (TL million)	19,278 (31 December 2022: 13,944)	253 (31 December 2022: 253)	750 (31 December 2022: 750)
Accounting classification of the instrument	34701 – Secondary Subordinated Loans	34601– Secondary Subordinated Loans	34601– Secondary Subordinated Loans
Issuance date of instrument	23.05.2017	09.10.2019	14.02.2020
Maturity structure of the instrument (demand/time)	Time	Time	Time
Original maturity of the instrument	24.05.2027	07.10.2029	14.02.2030
Issuer call subject to prior supervisory (BRSA) approval	No	Yes	Yes
Optional call date, contingent call dates and redemption amount	-	07.10.2024 – TL 252,880,000	14.02.2025 – TL 750,000,000
Subsequent call dates, if applicable	-	-	-
<b>Interest/dividend payment</b>			
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 incompliance 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.

<i>Current Period</i>		<i>Information about instruments included in total capital calculation</i>		
Issuer	responsAbility SICAV (Lux) acting for its sub-funds responsAbility SICAV (Lux) Micro and SME Finance Leaders responsAbility SICAV (Lux) Financial Inclusion Fund	MultiConcept Fund Management S.A. acting in its own name for responsAbility Global Micro and SME Finance Fund	responsAbility SICAV (Lux) acting for its sub-funds responsAbility SICAV (Lux) Micro and SME Finance Leaders responsAbility SICAV (Lux) Financial Inclusion Fund responsAbility SICAV (Lux) Micro and SME Finance Debt Fund	MultiConcept Fund Management S.A. acting in its own name for responsAbility Global Micro and SME Finance Fund
Identifier (CUSIP, ISIN vb.)	LEI:529900S7V25UG37A2Q19 LEI:5299008N49S2T1SWIP98	LEI:529900J0CQ7V9271DC81	LEI: 5299008N49S2T1SWIP98 LEI: 529900S7V25UG37A2Q19 LEI: 529900IHHF9LIQY6AH65	LEI: 529900J0CQ7V9271DC81
Governing law (s) of the instrument	The provisions of the Loan Agreement shall be governed by and construed in accordance with the laws of the Grand Duchy of Luxembourg, without giving effect to any conflicts of law provisions.	The provisions of the Loan Agreement shall be governed by and construed in accordance with the laws of the Grand Duchy of Luxembourg, without giving effect to any conflicts of law provisions.	The provisions of the Loan Agreement shall be governed by and construed in accordance with the laws of the Grand Duchy of Luxembourg, without giving effect to any conflicts of law provisions.	The provisions of the Loan Agreement shall be governed by and construed in accordance with the laws of the Grand Duchy of Luxembourg, without giving effect to any conflicts of law provisions.
<i>Regulatory treatment</i>				
Subject to 10% deduction as of 1/1/2015	No	No	No	No
Eligible on unconsolidated and /or consolidated basis	Eligible on consolidated basis	Eligible on consolidated basis	Eligible on consolidated basis	Eligible on consolidated basis
Instrument type	Subordinated debt instruments (Loan Agreement)	Subordinated debt instruments (Loan Agreement)	Subordinated debt instruments (Loan Agreement)	Subordinated debt instruments (Loan Agreement)
Amount recognized in regulatory capital (Currency in TL million, as of most recent reporting date)	91	73	73	128
Nominal value of instrument (TL million)	141 (31 December 2022: 99)	112 (31 December 2022: 79)	112	197
Accounting classification of the instrument	-	-	-	-
Issuance date of instrument	28.12.2022	28.12.2022	23.02.2023	23.02.2023
Maturity structure of the instrument (demand/time)	Time	Time	Time	Time
Original maturity of the instrument	03.01.2029	03.01.2029	28.02.2029	28.02.2029
Issuer call subject to prior supervisory (BRSA) approval	None	None	None	None
Optional call date, contingent call dates and redemption amount	-	-	-	-
Subsequent call dates, if applicable	-	-	-	-
<i>Interest/dividend payment</i>				
Fixed or floating coupon/dividend payments	Floating	Floating	Floating	Floating
Coupon rate and any related index	EURIBOR 6M + 5%	EURIBOR 6M + 5%	EURIBOR 6M + 5%	EURIBOR 6M + 5%

Existence of any dividend payment restriction	None	None	None	None
Fully discretionary, partially discretionary or mandatory	-	-	-	-
Existence of step up or other incentive to redeem	None	None	None	None
Noncumulative or cumulative	None	None	None	None
Convertible into equity shares	None	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	None	None	None	None
If bonds can be written-down, write-down trigger(s)	-	-	-	-
If bond can be written-down, full or partial	-	-	-	-
If bond can be written-down, permanent or temporary	Permanent	Permanent	Permanent	Permanent
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.	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 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.	Instrument is in compliant with Article 8 of the Regulation on Bank Capital.
Details of incompliance 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.	Instrument is not in compliant with Article 7 of the Regulation on Bank Capital.

#### 4.1.3 Reconciliation of capital items to balance sheet

<i>Current Period</i>	<i>Carrying value</i>	<i>Amount of correction</i>	<i>Value of the capital report</i>	<i>Explanation of differences</i>
Paid-in Capital	4,200,000	772,554	4,972,554	Inflation adjustments included in Paid-in Capital according to Regulation's Temporary Article 1
Capital Reserves	784,434	(772,554)	11,880	Inflation adjustments included in Paid-in Capital according to Regulation's Temporary Article 1
<i>Other Capital Reserves</i>	772,554	(772,554)	-	Inflation adjustments included in Paid-in Capital according to Regulation's Temporary Article 1
<i>Bonus Shares of Associates, Subsidiaries and Joint-Ventures</i>	-	-	-	
<i>Share Premium</i>	11,880	-	11,880	
Other Comprehensive Income/Expenses in Shareholders' Equity as per TMS	34,777,972	(564,016)	34,213,956	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
<i>Other Comprehensive Income/Expense Items not to be Recycled to Profit/Loss</i>	11,896,096	-	11,896,096	
<i>Other Comprehensive Income/Expense Items to be Recycled to Profit/Loss</i>	22,881,876	(564,016)	22,317,860	Items not included in the calculation as per Regulation's Article 9-1-f
Profit Reserves	114,573,817	-	114,573,817	
Profit or Loss	33,584,124	-	33,584,124	
<i>Prior Periods' Profit/Loss</i>	-	-	-	
<i>Current Period Net Profit/Loss</i>	33,584,124	-	33,584,124	
Minority Interest	611,526	(297,300)	314,226	Items are calculated as per Regulation's Article 12
Deductions from Common Equity Tier I Capital (-)	-		1,331,455	Deductions from Common Equity Tier 1 Capital as per the Regulation
<b>Common Equity Tier I Capital</b>	<b>188,531,873</b>		<b>186,339,102</b>	
Subordinated Debts				
Deductions from Tier I Capital (-)			-	Deductions from Tier 1 Capital as per the Regulation
<b>Tier I Capital</b>			<b>186,339,102</b>	
Subordinated Debts			12,934,770	
12 Month ECL (Stage 1) and Lifetime ECL Significant Increase in Credit Risk (Stage 2)			12,807,730	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
<b>Tier II Capital</b>			<b>25,742,500</b>	
Deductions from Total Capital (-)			2,643	Deductions from Capital as per the Regulation
<b>Total</b>			<b>212,078,959</b>	

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

<i>Prior Period</i>	<i>Carrying value</i>	<i>Amount of correction</i>	<i>Value of the capital report</i>	<i>Explanation of differences</i>
Paid-in Capital	4,200,000	772,554	4,972,554	Inflation adjustments included in Paid-in Capital according to Regulation's Temporary Article 1
Capital Reserves	784,434	(772,554)	11,880	Inflation adjustments included in Paid-in Capital according to Regulation's Temporary Article 1
<i>Other Capital Reserves</i>	772,554	(772,554)	-	Inflation adjustments included in Paid-in Capital according to Regulation's Temporary Article 1
<i>Bonus Shares of Associates, Subsidiaries and Joint-Ventures</i>	-	-	-	
<i>Share Premium</i>	11,880	-	11,880	
Other Comprehensive Income/Expenses in Shareholders' Equity as per TMS	24,475,470	500,986	24,976,456	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
<i>Other Comprehensive Income/Expense Items not to be Recycled to Profit/Loss</i>	4,561,421	-	4,561,421	
<i>Other Comprehensive Income/Expense Items to be Recycled to Profit/Loss</i>	19,914,049	500,986	20,415,035	Items not included in the calculation as per Regulation's Article 9-1-f
Profit Reserves	63,782,784	-	63,782,784	
Profit or Loss	59,396,697	-	59,396,697	
<i>Prior Periods' Profit/Loss</i>	1,111,319	-	1,111,319	
<i>Current Period Net Profit/Loss</i>	58,285,378	-	58,285,378	
Minority Interest	484,735	(273,587)	211,148	Items are calculated as per Regulation's Article 12
Deductions from Common Equity Tier I Capital (-)	-		1,326,379	Deductions from Common Equity Tier 1 Capital as per the Regulation
<b>Common Equity Tier I Capital</b>	<b>153,124,120</b>		<b>152,025,140</b>	
Subordinated Debts			-	
Deductions from Tier I Capital (-)			-	Deductions from Tier 1 Capital as per the Regulation
<b>Tier I Capital</b>			<b>152,025,140</b>	
Subordinated Debts			12,158,080	
12 Month ECL (Stage 1) and Lifetime ECL Significant Increase in Credit Risk (Stage 2)			10,212,658	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
<b>Tier II Capital</b>			<b>22,370,738</b>	
Deductions from Total Capital (-)			82	Deductions from Capital as per the Regulation
<b>Total</b>			<b>174,395,796</b>	



#### **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 2023, the Bank and its financial subsidiaries’ net ‘on balance sheet’ foreign currency long position amounts to TL 4,688,162 (31 December 2022: TL 32,492,211 short position), net ‘off-balance sheet’ foreign currency long position amounts to TL 14,559,239 (31 December 2022: TL 42,382,203 long position), while net foreign currency long position amounts to TL 19,247,401 (31 December 2022: TL 9,889,992 short position).

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 parent 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:

	<b>EUR</b>	<b>USD</b>
<b>The Parent Bank’s foreign currency purchase rate at balance sheet date</b>	28.0900	25.7040
<u>Foreign currency rates for the days before balance sheet date;</u>		
Day 1	28.0900	25.7040
Day 2	27.4590	25.1740
Day 3	26.7970	24.6260
Day 4	26.2820	23.9820
Day 5	25.2930	23.0860
<b>Last 30-days arithmetical average rate</b>	25.2345	23.2739

*The Bank's consolidated currency risk*

	EUR	USD	Other FCs	Total
<b>Current Period</b>				
<b>Assets</b>				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	51,950,164	77,246,214	38,317,287	167,513,665
Banks	88,350,284	32,173,918	9,891,609	130,415,811
Financial Assets Measured at Fair Value through Profit/Loss	354,072	2,837,547	-	3,191,619
Money Market Placements	-	54,867,708	-	54,867,708
Financial Assets Measured at Fair Value through Other Comprehensive Income	12,495,202	19,666,682	1,722,965	33,884,849
Loans (*)	200,805,685	166,541,765	36,368,285	403,715,735
Investments in Associates, Subsidiaries and Joint-Ventures	18,130	-	110,804	128,934
Financial Assets Measured at Amortised Cost	1,098,602	58,200,488	7,656,139	66,955,229
Derivative Financial Assets Held for Hedging Purpose	375,839	1,610,407	47,734	2,033,980
Tangible Assets	783,121	489	511,325	1,294,935
Intangible Assets (**)	184,327	-	137,407	321,734
Other Assets (***)	(10,589,849)	(4,209,049)	(815,024)	(15,613,922)
<b>Total Assets</b>	<b>345,825,577</b>	<b>408,936,169</b>	<b>93,948,531</b>	<b>848,710,277</b>
<b>Liabilities</b>				
Bank Deposits	636,613	736,992	642,159	2,015,764
Foreign Currency Deposits	240,439,566	272,838,506	61,646,358	574,924,430
Money Market Funds	4,844,935	36,372,754	594	41,218,283
Other Fundings	29,534,845	18,609,297	1,763,318	49,907,460
Securities Issued (****)	1,269,645	68,241,073	482,072	69,992,790
Miscellaneous Payables	4,114,155	5,306,039	569,933	9,990,127
Derivative Financial Liabilities Held for Hedging Purpose	10,025	14,743	23,365	48,133
Other Liabilities (*****)	10,520,540	20,593,451	64,811,137	95,925,128
<b>Total Liabilities</b>	<b>291,370,324</b>	<b>422,712,855</b>	<b>129,938,936</b>	<b>844,022,115</b>
<b>Net 'On Balance Sheet' Position</b>	<b>54,455,253</b>	<b>(13,776,686)</b>	<b>(35,990,405)</b>	<b>4,688,162</b>
<b>Net 'Off-Balance Sheet' Position</b>	<b>(46,434,871)</b>	<b>15,330,473</b>	<b>45,663,637</b>	<b>14,559,239</b>
Derivative Assets	13,696,910	102,606,130	53,545,574	169,848,614
Derivative Liabilities	60,131,781	87,275,657	7,881,937	155,289,375
Non-Cash Loans	-	-	-	-
<b>Prior Period</b>				
<b>Total Assets</b>	<b>224,211,106</b>	<b>310,702,347</b>	<b>63,612,115</b>	<b>598,525,568</b>
<b>Total Liabilities</b>	<b>203,480,330</b>	<b>339,326,551</b>	<b>88,210,898</b>	<b>631,017,779</b>
<b>Net 'On Balance Sheet' Position</b>	<b>20,730,776</b>	<b>(28,624,204)</b>	<b>(24,598,783)</b>	<b>(32,492,211)</b>
<b>Net 'Off-Balance Sheet' Position</b>	<b>(16,234,941)</b>	<b>27,002,287</b>	<b>31,614,857</b>	<b>42,382,203</b>
Derivative Assets	61,555,031	136,735,847	34,552,849	232,843,727
Derivative Liabilities	77,789,972	109,733,560	2,937,992	190,461,524
Non-Cash Loans	-	-	-	-

(\*) The foreign currency-indexed loans amounting TL 210,858 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 62,473,153 included under deposits in the accompanying consolidated financial statements are presented above under other liabilities.

#### **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)**

<i>Current Period</i>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>5 Years and Over</b>	<b>Non-Interest Bearing (*)</b>	<b>Total</b>
<b>Assets</b>							
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	-	-	-	-	-	192,103,692	<b>192,103,692</b>
Banks	87,191,004	3,979	29,950	70,161	-	44,968,923	<b>132,264,017</b>
Financial Assets Measured at Fair Value through Profit/Loss	3,649,716	67,642	570,317	2,118,506	197,312	813,996	<b>7,417,489</b>
Money Market Placements	113,395,562	-	6,083,056	-	-	235,347	<b>119,713,965</b>
Financial Assets Measured at Fair Value through Other Comprehensive Income	20,493,639	1,995,201	6,868,607	22,988,400	3,975,094	34,596,590	<b>90,917,531</b>
Loans	418,363,982	96,687,332	314,764,346	126,874,661	58,029,188	23,909,015	<b>1,038,628,524</b>
Financial Assets Measured at Amortised Cost	18,032,528	1,175,529	20,601,143	96,425,937	7,584,985	23,415,658	<b>167,235,780</b>
Other Assets (**)	25,051	495,776	101,729	245,618	-	141,943,605	<b>142,811,779</b>
<b>Total Assets</b>	<b>661,151,482</b>	<b>100,425,459</b>	<b>349,019,148</b>	<b>248,723,283</b>	<b>69,786,579</b>	<b>461,986,826</b>	<b>1,891,092,777</b>
<b>Liabilities</b>							
Bank Deposits	431,100	480,064	3,934	156,369	-	2,737,920	<b>3,809,387</b>
Other Deposits	431,818,284	209,804,411	121,062,477	8,373,582	-	625,911,257	<b>1,396,970,011</b>
Money Market Funds	39,643,564	313,065	5,708,920	339,974	-	185,678	<b>46,191,201</b>
Miscellaneous Payables	380,985	30,759	-	-	-	54,116,828	<b>54,528,572</b>
Securities Issued (***)	11,145,672	-	3,325,385	21,123,291	34,923,262	723,379	<b>71,240,989</b>
Other Fundings	15,263,045	20,467,464	13,217,024	4,205,190	942,759	139,625	<b>54,235,107</b>
Other Liabilities	44,305	103,237	302,957	1,007,826	158,759	262,500,426	<b>264,117,510</b>
<b>Total Liabilities</b>	<b>498,726,955</b>	<b>231,199,000</b>	<b>143,620,697</b>	<b>35,206,232</b>	<b>36,024,780</b>	<b>946,315,113</b>	<b>1,891,092,777</b>
<b>On Balance Sheet Long Position</b>	<b>162,424,527</b>	<b>-</b>	<b>205,398,451</b>	<b>213,517,051</b>	<b>33,761,799</b>	<b>-</b>	<b>615,101,828</b>
<b>On Balance Sheet Short Position</b>	<b>-</b>	<b>(130,773,541)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(484,328,287)</b>	<b>(615,101,828)</b>
<b>Off-Balance Sheet Long Position</b>	<b>51,557,244</b>	<b>53,445,320</b>	<b>50,102,045</b>	<b>50,061,815</b>	<b>33,394,398</b>	<b>-</b>	<b>238,560,822</b>
<b>Off-Balance Sheet Short Position</b>	<b>(37,036,979)</b>	<b>(35,416,807)</b>	<b>(50,309,318)</b>	<b>(80,048,582)</b>	<b>(35,433,193)</b>	<b>-</b>	<b>(238,244,879)</b>
<b>Total Position</b>	<b>176,944,792</b>	<b>(112,745,028)</b>	<b>205,191,178</b>	<b>183,530,284</b>	<b>31,723,004</b>	<b>(484,328,287)</b>	<b>315,943</b>

(\*) 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.

<i>Prior Period</i>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>5 Years and Over</b>	<b>Non-Interest Bearing (*)</b>	<b>Total</b>
<b>Assets</b>							
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	-	-	-	-	-	139,569,742	<b>139,569,742</b>
Banks	40,559,867	250,000	42,469	47,304	-	21,259,141	<b>62,158,781</b>
Financial Assets at Fair Value through Profit/Loss	3,207,951	101,852	1,055,150	745,338	86,265	574,903	<b>5,771,459</b>
Money Market Placements	63,509,173	2,399,733	4,698,501	-	-	73,294	<b>70,680,701</b>
Financial Assets Measured at Fair Value through Other Comprehensive Income	20,586,278	3,595,387	6,580,646	17,503,205	4,589,204	36,073,680	<b>88,928,400</b>
Loans	295,726,473	91,204,057	223,718,694	108,160,102	37,554,269	33,215,344	<b>789,578,939</b>
Financial Assets Measured at Amortised Cost	13,878,119	1,394,653	9,116,119	58,523,629	6,183,362	20,923,974	<b>110,019,856</b>
Other Assets (**)	62,285	261,630	168,839	145,253	10,085	36,222,513	<b>36,870,605</b>
<b>Total Assets</b>	<b>437,530,146</b>	<b>99,207,312</b>	<b>245,380,418</b>	<b>185,124,831</b>	<b>48,423,185</b>	<b>287,912,591</b>	<b>1,303,578,483</b>
<b>Liabilities</b>							
Bank Deposits	800,618	14,682	-	100,049	-	913,859	<b>1,829,208</b>
Other Deposits	306,791,081	138,749,361	49,886,361	5,543,072	99	405,940,277	<b>906,910,251</b>
Money Market Funds	14,340,835	3,128,188	6,519,060	241,405	-	69,521	<b>24,299,009</b>
Miscellaneous Payables	2,004,229	2,603	1,689	-	-	46,762,694	<b>48,771,215</b>
Securities Issued (***)	11,189,370	8,732,172	2,620,005	15,269,651	26,226,754	659,898	<b>64,697,850</b>
Other Fundings	14,164,338	10,609,389	18,326,107	2,865,126	-	68,849	<b>46,033,809</b>
Other Liabilities	31,076	110,952	219,306	732,328	139,358	209,804,121	<b>211,037,141</b>
<b>Total Liabilities</b>	<b>349,321,547</b>	<b>161,347,347</b>	<b>77,572,528</b>	<b>24,751,631</b>	<b>26,366,211</b>	<b>664,219,219</b>	<b>1,303,578,483</b>
<b>On Balance Sheet Long Position</b>	<b>88,208,599</b>	<b>-</b>	<b>167,807,890</b>	<b>160,373,200</b>	<b>22,056,974</b>	<b>-</b>	<b>438,446,663</b>
<b>On Balance Sheet Short Position</b>	<b>-</b>	<b>(62,140,035)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(376,306,628)</b>	<b>(438,446,663)</b>
<b>Off-Balance Sheet Long Position</b>	<b>39,084,509</b>	<b>38,362,190</b>	<b>49,102,989</b>	<b>30,846,639</b>	<b>27,217,112</b>	<b>-</b>	<b>184,613,439</b>
<b>Off-Balance Sheet Short Position</b>	<b>(20,648,704)</b>	<b>(34,462,169)</b>	<b>(45,042,973)</b>	<b>(54,934,382)</b>	<b>(28,718,884)</b>	<b>-</b>	<b>(183,807,112)</b>
<b>Total Position</b>	<b>106,644,404</b>	<b>(58,240,014)</b>	<b>171,867,906</b>	<b>136,285,457</b>	<b>20,555,202</b>	<b>(376,306,628)</b>	<b>806,327</b>

(\*) 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 .

#### 4.4.2 Average interest rates on monetary financial instruments (%)

<i>Current Period</i>	<b>EURO</b>	<b>USD</b>	<b>JPY</b>	<b>TL</b>
<b>Assets</b>				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	0.76	-	-	-
Banks	0.01-3.50	2.00	-	12.00-43.00
Financial Assets at Fair Value through Profit/Loss	6.70	7.25-8.09	-	12.62
Money Market Placements	-	4.81	-	16.37
Financial Assets Measured at Fair Value through Other Comprehensive Income	2.38-4.71	4.38-11.88	-	18.60-43.07
Loans (*)	0.20-22.44	3.39-32.01	-	13.70-46.80
Financial Assets Measured at Amortised Cost	4.35	6.02	-	16.69
<b>Liabilities</b>				
Bank Deposits	3.40-3.65	5.06	-	-
Other Deposits	0.25-8.50	0.30-5.50	-	7.00-17.31
Money Market Fundings	1.83	2.62-3.71	-	7.72-46.00
Miscellaneous Payables	-	-	-	-
Securities Issued	5.27	7.18	-	14.64
Other Fundings	0.08-9.00	2.86-12.60	-	8.67-44.00

<i>Prior Period</i>	<b>EUR</b>	<b>USD</b>	<b>JPY</b>	<b>TL</b>
<b>Assets</b>				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	(0.56)	(0.50)	-	-
Banks	0.01-11.00	1.50-4.33	-	0.09-26.50
Financial Assets at Fair Value through Profit/Loss	4.45	6.61-7.49	-	12.61
Money Market Placements	1.55-1.63	3.96	-	10.25
Financial Assets Measured at Fair Value through Other Comprehensive Income	2.38-4.71	4.38-11.88	-	18.60-43.07
Loans (*)	0.20-16.45	2.65-17.72	-	10.72-34.01
Financial Assets Measured at Amortised Cost	4.39	5.96	-	20.71-23.49
<b>Liabilities</b>				
Bank Deposits	1.90-2.50	4.31-4.50	-	7.78
Other Deposits	0.19-3.00	0.33-5.50	-	11.43-16.00
Money Market Fundings	0.75	2.24-2.62	-	7.90-30.00
Miscellaneous Payables	-	-	-	-
Securities Issued	5.27	6.62	-	13.77-21.00
Other Fundings	0.68-8.93	1.66-11.03	-	13.97-35.20

(\*) Lease receivables and factoring receivables are included.

## 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

<i>Current Period</i>		<b>Comparison</b>		
<b>Equity Securities (shares)</b>		<b>Carrying Value</b>	<b>Fair Value</b>	<b>Market Value</b>
<b>1</b>	<b>Investment in Shares- Grade A</b>	<b>3,218,506</b>	-	<b>573,928</b>
	Quoted Securities	-	-	573,928
<b>2</b>	<b>Investment in Shares- Grade B</b>	<b>25,557</b>	-	-
	Quoted Securities	-	-	-
<b>3</b>	<b>Investment in Shares- Grade C</b>	<b>822</b>	-	-
	Quoted Securities	-	-	-
<b>4</b>	<b>Investment in Shares- Grade D</b>	-	-	-
	Quoted Securities	-	-	-
<b>5</b>	<b>Investment in Shares- Grade E</b>	<b>1,014</b>	-	-
	Quoted Securities	-	-	-
<b>6</b>	<b>Investment in Shares- Grade F</b>	<b>48</b>	-	-
	Quoted Securities	-	-	-

<i>Prior Period</i>		<b>Comparison</b>		
<b>Equity Securities (shares)</b>		<b>Carrying Value</b>	<b>Fair Value</b>	<b>Market Value</b>
<b>1</b>	<b>Investment in Shares- Grade A</b>	<b>2,253,521</b>	-	<b>223,368</b>
	Quoted Securities	-	-	223,368
<b>2</b>	<b>Investment in Shares- Grade B</b>	<b>25,557</b>	-	-
	Quoted Securities	-	-	-
<b>3</b>	<b>Investment in Shares- Grade C</b>	<b>822</b>	-	-
	Quoted Securities	-	-	-
<b>4</b>	<b>Investment in Shares- Grade D</b>	-	-	-
	Quoted Securities	-	-	-
<b>5</b>	<b>Investment in Shares- Grade E</b>	<b>1,014</b>	-	-
	Quoted Securities	-	-	-
<b>6</b>	<b>Investment in Shares- Grade F</b>	<b>48</b>	-	-
	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	-	-	-	137,185	-	137,185
3	Other Shares	-	219,778	219,778	-	-	-
	Total	-	219,778	219,778	137,185	-	137,185

<i>Prior Period</i>		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	-	-	-	99,130	-	99,130
3	Other Shares	-	41,029	41,029	-	-	-
Total		-	41,029	41,029	99,130	-	99,130

#### 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	5,327,284	4,798,039	383,843
	Total	5,327,284	4,798,039	383,843

	<i>Prior Period</i>			
	Portfolio	Carrying Value	RWA Total	Minimum Capital Requirement
1	Private Equity Investments	-	-	-
2	Quoted Shares	-	-	-
3	Other Shares	10,403,912	10,752,957	860,237
	<b>Total</b>	<b>10,403,912</b>	<b>10,752,957</b>	<b>860,237</b>

#### 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 Parent 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 Parent 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 Parent 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 Parent 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 Parent 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 Parent 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 Parent Bank's liquidity management. Each subsidiary controlled by the Parent 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 Parent Bank by considering the operations, risk profile and regulations of the related subsidiary.

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

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

The Parent 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 5.79 % cash, 37.11 % deposits in central banks and 57.10 % securities considered as high quality liquid assets.

The Parent Bank’s main funding sources are deposits, funds borrowed, money market borrowings and securities issued. Consolidated funding source composition as of report date is 83.50 % deposits, 5.95 % funds borrowed and money market borrowings, 4.28 % securities issued and 6.27 % 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.

<b>Current Period</b>		<b>Total Unweighted Value (Average) (*)</b>		<b>Total Weighted Value (Average) (*)</b>	
		<b>TL+FC</b>	<b>FC</b>	<b>TL+FC</b>	<b>FC</b>
<b>High-Quality Liquid Assets</b>				425,100,560	247,988,222
1	Total high-quality liquid assets (HQLA)	426,970,312	247,988,222	425,100,560	247,988,222
<b>Cash Outflows</b>					
2	Retail deposits and deposits from small business customers, of which:	759,085,085	358,330,124	69,569,655	35,707,500
3	Stable deposits	126,777,079	2,510,258	6,338,854	125,513
4	Less stable deposits	632,308,006	355,819,866	63,230,801	35,581,987
5	Unsecured wholesale funding, of which:	322,964,663	168,414,950	175,258,755	83,866,779
6	Operational deposits				
7	Non-operational deposits	257,151,271	150,260,808	124,566,537	69,186,179
8	Unsecured funding	65,813,392	18,154,142	50,692,218	14,680,600
9	Secured wholesale funding	9,708,841		775,101	
10	Other cash outflows of which:	622,522,278	124,315,828	65,786,942	33,580,701
11	Outflows related to derivative exposures and other collateral requirements	12,503,856	16,287,951	12,503,856	16,287,951
12	Outflows related to restructured financial Instruments				
13	Payment commitments and other off-balance sheet commitments granted for debts to financial markets	610,018,422	108,027,877	53,283,086	17,292,750
14	Other revocable off-balance sheet commitments and contractual obligations	14,721,784	11,081,215	736,089	554,061
15	Other irrevocable or conditionally revocable off-balance sheet obligations	39,074,910	37,289,166	1,953,748	1,864,458
16	<b>Total Cash Outflows</b>	<b>1,768,077,561</b>	<b>699,431,283</b>	<b>314,080,290</b>	<b>155,573,499</b>
<b>Cash Inflows</b>					
17	Secured receivables	177,956			
18	Unsecured receivables	148,745,733	59,150,530	100,615,976	44,148,541
19	Other cash inflows	2,072,778	21,895,160	1,936,790	21,891,457
20	<b>Total Cash Inflows</b>	<b>150,996,467</b>	<b>81,045,690</b>	<b>102,552,766</b>	<b>66,039,998</b>
				<b>Upper Limit Applied Values</b>	
21	<b>Total HQLA</b>			<b>425,100,560</b>	<b>247,988,222</b>
22	<b>Total Net Cash Outflows</b>			<b>211,527,524</b>	<b>89,533,501</b>
23	<b>Liquidity Coverage Ratio (%)</b>			<b>202.18%</b>	<b>301.06%</b>

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

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

<b>Period</b>	<b>TL+FC</b>	<b>FC</b>
30 April 2023	214.80%	378.36%
31 May 2023	183.76%	248.25%
30 June 2023	207.97%	276.57%

Prior Period		Total Unweighted Value (Average) <sup>(*)</sup>		Total Weighted Value (Average) <sup>(*)</sup>	
		TL+FC	FC	TL+FC	FC
High-Quality Liquid Assets				361,051,673	205,102,320
1	Total high-quality liquid assets (HQLA)	362,204,939	205,102,320	361,051,673	205,102,320
Cash Outflows					
2	Retail deposits and deposits from small business customers, of which:	587,905,365	332,314,493	54,756,102	33,116,976
3	Stable deposits	80,688,683	2,289,461	4,034,434	114,473
4	Less stable deposits	507,216,682	330,025,032	50,721,668	33,002,503
5	Unsecured wholesale funding, of which:	272,422,140	162,524,656	134,854,792	76,050,569
6	Operational deposits	-	-	-	-
7	Non-operational deposits	223,020,077	147,277,829	97,918,142	63,189,598
8	Unsecured funding	49,402,063	15,246,827	36,936,650	12,860,971
9	Secured wholesale funding	2,316,196	10,871	500,933	-
10	Other cash outflows of which:	404,771,960	120,206,282	56,339,836	45,286,616
11	Outflows related to derivative exposures and other collateral requirements	18,052,938	29,861,010	18,052,938	29,861,010
12	Outflows related to restructured financial Instruments	-	-	-	-
13	Payment commitments and other off-balance sheet commitments granted for debts to financial markets	386,719,022	90,345,272	38,286,898	15,425,606
14	Other revocable off-balance sheet commitments and contractual obligations	10,700,141	9,027,707	535,007	451,385
15	Other irrevocable or conditionally revocable off-balance sheet obligations	33,619,984	32,023,966	1,681,002	1,601,198
16	Total Cash Outflows	1,311,735,786	656,107,975	248,667,672	156,506,744
Cash Inflows					
17	Secured receivables	65,277	-	-	-
18	Unsecured receivables	115,423,819	55,148,385	79,044,232	41,249,546
19	Other cash inflows	1,962,359	99,334,665	1,871,426	99,332,105
20	Total Cash Inflows	117,451,455	154,483,050	80,915,658	140,581,651
				Upper Limit Applied Values	
21	Total HQLA			361,051,673	205,102,320
22	Total Net Cash Outflows			167,752,014	39,126,686
23	Liquidity Coverage Ratio (%)			215.60%	522.77%

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

The table below presents the last three months' consolidated Liquidity Ratios of the year 2022 :

<b>Period</b>	<b>TL+FC</b>	<b>FC</b>
31 October 2022	218.36%	556.61%
30 November 2022	212.16%	511.81%
31 December 2022	216.28%	499.90%

#### 4.6.2 Contractual maturity analysis of liabilities according to remaining maturities

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

#### 4.6.3 Maturity analysis of 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
<b>Current Period</b>								
<b>Assets</b>								
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank	98,459,656	93,644,036	-	-	-	-	-	192,103,692
Banks	50,321,074	81,852,329	3,996	24,209	62,409	-	-	132,264,017
Financial Assets at Fair Value through Profit/Loss	688,815	1,959,288	23,384	401,269	3,286,632	1,034,244	23,857	7,417,489
Money Market Placements	-	113,609,780	-	6,104,185	-	-	-	119,713,965
Financial Assets Measured at Fair Value through Other Comprehensive Income	1,584,268	968,333	10,489,313	6,165,155	55,985,784	15,724,678	-	90,917,531
Loans	6,080,573	229,687,879	141,872,815	332,132,341	216,285,614	72,294,308	40,274,994	1,038,628,524
Financial Assets Measured at Amortised Cost	-	219,540	13,933	23,957,865	119,830,020	23,213,137	1,285	167,235,780
Other Assets (*)	16,560,299	11,319,461	5,140,210	2,080,964	5,470,727	3,883,706	98,356,412	142,811,779
<b>Total Assets</b>	<b>173,694,685</b>	<b>533,260,646</b>	<b>157,543,651</b>	<b>370,865,988</b>	<b>400,921,186</b>	<b>116,150,073</b>	<b>138,656,548</b>	<b>1,891,092,777</b>
<b>Liabilities</b>								
Bank Deposits	2,729,455	434,644	484,943	3,945	156,400	-	-	3,809,387
Other Deposits	567,462,119	493,045,522	211,298,703	118,734,475	6,399,510	29,682	-	1,396,970,011
Other Fundings	2,100,187	8,461,066	5,209,322	28,425,970	3,900,887	6,137,675	-	54,235,107
Money Market Funds	11,718	39,695,929	326,551	5,806,592	350,411	-	-	46,191,201
Securities Issued (**)	-	382,387	-	5,916,367	26,837,487	38,078,944	25,804	71,240,989
Miscellaneous Payables	51,005,734	387,528	300,329	373,999	38,064	317	2,422,601	54,528,572
Other Liabilities (***)	7,303,839	8,973,795	14,688,317	2,763,003	5,716,854	7,219,859	217,451,843	264,117,510
<b>Total Liabilities</b>	<b>630,613,052</b>	<b>551,380,871</b>	<b>232,308,165</b>	<b>162,024,351</b>	<b>43,399,613</b>	<b>51,466,477</b>	<b>219,900,248</b>	<b>1,891,092,777</b>
<b>Liquidity Gap</b>	<b>(456,918,367)</b>	<b>(18,120,225)</b>	<b>(74,764,514)</b>	<b>208,841,637</b>	<b>357,521,573</b>	<b>64,683,596</b>	<b>(81,243,700)</b>	<b>-</b>
<b>Net Off-Balance Sheet Position</b>	<b>-</b>	<b>(15,274,028)</b>	<b>(14,033,494)</b>	<b>2,584,281</b>	<b>144,408</b>	<b>87,633</b>	<b>-</b>	<b>(26,491,200)</b>
Derivative Financial Assets	-	195,589,335	101,066,977	50,923,374	31,821,770	3,351,466	-	382,752,922
Derivative Financial Liabilities	-	210,863,363	115,100,471	48,339,093	31,677,362	3,263,833	-	409,244,122
<b>Non-Cash Loans</b>	<b>49,100</b>	<b>18,744,003</b>	<b>14,266,874</b>	<b>16,925,896</b>	<b>21,627,131</b>	<b>2,709,617</b>	<b>706,419,481</b>	<b>780,742,102</b>
<b>Prior Period</b>								
<b>Total Assets</b>	<b>116,911,378</b>	<b>318,934,643</b>	<b>124,880,328</b>	<b>300,797,423</b>	<b>308,090,760</b>	<b>98,230,822</b>	<b>35,733,129</b>	<b>1,303,578,483</b>
<b>Total Liabilities</b>	<b>487,889,682</b>	<b>312,451,238</b>	<b>162,403,933</b>	<b>76,519,784</b>	<b>39,418,742</b>	<b>41,188,235</b>	<b>183,706,869</b>	<b>1,303,578,483</b>
<b>Liquidity Gap</b>	<b>(370,978,304)</b>	<b>6,483,405</b>	<b>(37,523,605)</b>	<b>224,277,639</b>	<b>268,672,018</b>	<b>57,042,587</b>	<b>(147,973,740)</b>	<b>-</b>
<b>Net Off-Balance Sheet Position</b>	<b>-</b>	<b>(1,704,182)</b>	<b>124,833</b>	<b>2,180,394</b>	<b>(685,770)</b>	<b>155,850</b>	<b>-</b>	<b>71,125</b>
Derivative Financial Assets	-	221,204,685	87,519,273	27,780,043	20,460,454	2,456,023	-	359,420,478
Derivative Financial Liabilities	-	222,908,867	87,394,440	25,599,649	21,146,224	2,300,173	-	359,349,353
<b>Non-Cash Loans</b>	<b>397</b>	<b>25,315,316</b>	<b>7,952,161</b>	<b>11,159,514</b>	<b>15,120,428</b>	<b>2,011,364</b>	<b>420,309,034</b>	<b>481,868,214</b>

(\*) 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.

#### 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 7.20% (31 December 2022: 8.28%). While the capital increased by 19.77% mainly as a result of increase in net profits, total risk amount increased by 38.02%. Therefore, the current period leverage ratio decreased by 108 basis points compared to prior period.

		<b>Current Period<sup>(***)</sup></b>	<b>Prior Period<sup>(***)</sup></b>
1	Total assets in consolidated financial statements prepared in accordance with Turkish Accounting Standards <sup>(*)</sup> <sup>(**)</sup>	1,306,660,253	1,097,037,332
2	The difference between total assets prepared in accordance with Turkish Accounting Standards <sup>(*)</sup> and total assets in consolidated financial statements prepared in accordance with the Communiqué “Preparation of Consolidated Financial Statements” <sup>(**)</sup>	(3,081,770)	(962,406)
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	(49,298,674)	(37,329,018)
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 of such instruments	167,548,681	122,305,567
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	2,348,547	2,124,372
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	2,392,517,233	1,733,421,089

<sup>(\*)</sup> Consolidated financial statements prepared in compliance with the paragraph 6 of Article 5 of the Communiqué “Preparation of Consolidated Financial Statements.”

<sup>(\*\*)</sup> The consolidated financial statements prepared in accordance with Turkish Accounting Standards as of 31 December 2022 for the current period and 30 June 2022 for the prior period, are considered.

<sup>(\*\*\*)</sup> Amounts in the table are three-month average amounts.

		<i>Current Period <sup>(*)</sup></i>	<i>Prior Period <sup>(*)</sup></i>
<b>On-balance sheet assets</b>			
1	On-balance sheet items (excluding derivative financial instruments and credit derivatives but including collateral)	1,583,921,375	1,207,081,211
2	(Assets deducted in determining Tier I capital)	(1,252,318)	(1,255,657)
3	Total on-balance sheet risks (sum of lines 1 and 2)	1,582,669,057	1,205,825,554
<b>Derivative financial instruments and credit derivatives</b>			
4	Replacement cost associated with all derivative financial instruments and credit derivatives	13,860,022	9,262,221
5	Add-on amounts for PFE associated with all derivative financial instruments and credit derivatives	51,187,829	39,327,319
6	Total risks of derivative financial instruments and credit derivatives (sum of lines 4 and 5)	65,047,851	48,589,540
<b>Securities or commodity financing transactions (SCFT)</b>			
7	Risks from SCFT assets (excluding on-balance sheet)	17,857,925	7,742,053
8	Risks from brokerage activities related exposures	-	-
9	Total risks related with securities or commodity financing transactions (sum of lines 7 and 8)	17,857,925	7,742,053
<b>Other off-balance sheet transactions</b>			
10	Gross notional amounts of off-balance sheet transactions	729,290,947	473,388,314
11	(Adjustments for conversion to credit equivalent amounts)	(2,348,547)	(2,124,372)
12	Total risks of off-balance sheet items (sum of lines 10 and 11)	726,942,400	471,263,942
<b>Capital and total risks</b>			
13	Tier I capital	171,990,480	143,601,330
14	Total risks (sum of lines 3, 6, 9 and 12)	2,392,517,233	1,733,421,089
<b>Leverage ratio</b>			
15	Leverage ratio	7.20%	8.28%

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

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

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

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

The Parent 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 Parent 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 Parent 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 Parent 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 March 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.

**4.10.1.2 Risk weighted amounts**

		Risk Weighted Amounts		Minimum Capital Requirements
		<i>Current Period</i>	<i>Prior Period</i>	<i>Current Period</i>
1	Credit risk (excluding counterparty credit risk) (CCR) (*)	994,226,222	794,865,528	79,538,098
2	Of which standardised approach (SA)	994,226,222	794,865,528	79,538,098
3	Of which internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	30,380,629	22,133,416	2,430,450
5	Of which standardised approach for counterparty credit risk (SA-CCR)	30,380,629	22,133,416	2,430,450
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	11,535	13,673	923
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	30,463,088	48,877,025	2,437,047
17	Of which standardised approach (SA)	30,463,088	48,877,025	2,437,047
18	Of which internal model approaches (IMM)	-	-	-
19	Operational risk	131,296,214	71,651,668	10,503,697
20	Of which basic indicator approach	131,296,214	71,651,668	10,503,697
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	<b>Total (1+4+7+8+9+10+11+12+16+19+23+24)</b>	<b>1,186,377,688</b>	<b>937,541,310</b>	<b>94,910,215</b>

(\*) 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 Parent 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 Parent 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.

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 Parent 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 Parent 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 Parent Bank's credit risk policies, rules and procedures.

#### 4.10.3.1.2 Credit quality of consolidated assets

	<i>Current Period</i>	<i>Gross carrying value in consolidated financial statements prepared as perTAS</i>		<i>Allowances/amortisation and impairments</i>	<i>Net values</i>
		<i>Defaulted</i>	<i>Non-defaulted</i>		
1	Loans	22,283,834	1,406,059,323	15,640,701	1,412,702,456
2	Debt securities	-	256,569,052	-	256,569,052
3	Off-balance sheet exposures	3,187,098	357,387,844	2,251,502	358,323,440
4	<b>Total</b>	<b>25,470,932</b>	<b>2,020,016,219</b>	<b>17,892,203</b>	<b>2,027,594,948</b>

	<i>Prior Period</i>	<i>Gross carrying value in consolidated financial statements prepared as perTAS</i>		<i>Allowances/amortisation and impairments</i>	<i>Net values</i>
		<i>Defaulted</i>	<i>Non-defaulted</i>		
1	Loans	20,289,804	1,007,097,668	14,689,002	1,012,698,470
2	Debt securities	-	197,925,539	-	197,925,539
3	Off-balance sheet exposures	2,513,865	241,223,808	1,775,333	241,962,340
4	<b>Total</b>	<b>22,803,669</b>	<b>1,446,247,015</b>	<b>16,464,335</b>	<b>1,452,586,349</b>

#### 4.10.3.1.3 Changes in stock of default loans and debt securities

		<b>Current Period</b>	<b>Prior Period</b>
<b>1</b>	<b>Defaulted loans and debt securities at end of the previous reporting period</b>	<b>20,289,804</b>	<b>18,344,496</b>
2	Loans and debt securities defaulted since the last reporting period	4,684,322	13,113,968
3	Receivables back to non-defaulted status	(254,927)	(254,927)
4	Amounts written off (-)	(1,050,522)	(9,084,194)
5	Other changes (-) (Collections and fx differences)	(1,384,843)	(1,829,539)
<b>6</b>	<b>Defaulted loans and debt securities at end of the reporting period</b>	<b>22,283,834</b>	<b>20,289,804</b>

#### 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

The 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 Parent 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

	<b>Current Period</b>	<b>Exposures unsecured: carrying amount as per TAS</b>	<b>Exposures secured by collateral</b>	<b>Collateralized amount of exposures secured by collateral</b>	<b>Exposures secured by financial guarantees</b>	<b>Collateralized amount of exposures secured by financial guarantees</b>	<b>Exposures secured by credit derivatives</b>	<b>Collateralized amount of exposures secured by credit derivatives</b>
1	Loans	1,182,198,963	230,503,495	223,182,129	3,654,733	3,654,733	-	-
2	Debt securities	256,569,052	-	-	-	-	-	-
<b>3</b>	<b>Total</b>	<b>1,438,768,015</b>	<b>230,503,495</b>	<b>223,182,129</b>	<b>3,654,733</b>	<b>3,654,733</b>	<b>-</b>	<b>-</b>
4	Of which defaulted (*)	21,851,280	432,556	13,072	-	-	-	-

(\*) The gross defaulted amount is given.

	<i>Prior Period</i>	<i>Exposures unsecured: carrying amount as per TAS</i>	<i>Exposures secured by collateral</i>	<i>Collateralized amount of exposures secured by collateral</i>	<i>Exposures secured by financial guarantees</i>	<i>Collateralized amount of exposures secured by financial guarantees</i>	<i>Exposures secured by credit derivatives</i>	<i>Collateralized amount of exposures secured by credit derivatives</i>
1	Loans	899,160,014	113,538,456	108,215,760	4,767,117	4,767,117	-	-
2	Debt securities	197,925,539	-	-	-	-	-	-
3	<b>Total</b>	<b>1,097,085,553</b>	<b>113,538,456</b>	<b>108,215,760</b>	<b>4,767,117</b>	<b>4,767,117</b>	<b>-</b>	<b>-</b>
4	Of which defaulted (*)	20,060,331	229,473	9,557	-	-	-	-

(\*) 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:

<i>Credit Quality Level</i>	<i>Fitch Ratings long term credit rating</i>	<i>Risk Classes</i>			
		<i>Exposures to Central Governments or Central Banks</i>	<i>Exposures to Banks and Brokerage Houses</i>		<i>Exposures to Corporates</i>
			<i>Exposures with Original Maturities Less Than 3 Months</i>	<i>Exposures with Original Maturities More Than 3 Months</i>	
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%

**4.10.3.3.2 Consolidated credit risk exposure and credit risk mitigation techniques**

	<i>Current Period</i>	<i>Exposures before CCF and CRM</i>		<i>Exposures post-CCF and CRM</i>		<i>RWA and RWA density</i>	
	<b>Risk classes</b>	<i>On-balance sheet amount</i>	<i>Off-balance sheet amount</i>	<i>On-balance sheet amount</i>	<i>Off-balance sheet amount</i>	<i>RWA</i>	<i>RWA density</i>
1	Exposures to sovereigns and their central banks	504,123,084	177,144	507,777,806	10,052	6,445,525	1%
2	Exposures to regional and local governments	1,760,531	56,423	1,760,133	55,409	907,771	50%
3	Exposures to administrative bodies and non-commercial entities	1,418,764	361,586	1,418,316	58,948	1,477,264	100%
4	Exposures to multilateral development banks	741	100	741	-	-	-
5	Exposures to international organizations	-	-	-	-	-	-
6	Exposures to banks and brokerage houses	159,640,761	30,492,775	56,823,859	15,659,954	25,032,193	35%
7	Exposures to corporates	407,289,527	270,582,294	347,703,051	140,898,264	449,563,924	92%
8	Retail exposures	347,786,160	415,972,627	320,636,770	27,793,410	283,875,328	81%
9	Exposures secured by residential property	33,069,793	122,436	33,050,016	80,619	11,595,721	35%
10	Exposures secured by commercial property	15,477,319	7,094,306	15,380,543	4,337,917	12,232,354	62%
11	Past-due items	5,624,210	28	5,623,401	-	3,544,451	63%
12	Exposures in high-risk categories	93,886,378	839,827	93,858,404	409,105	161,111,247	171%
13	Covered bonds	-	-	-	-	-	-
14	Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-
15	Exposures in the form of collective investment undertakings	11,535	-	11,535	-	11,535	100%
16	Shares	4,412,239	-	4,412,238	-	4,412,238	100%
17	Other exposures	65,587,895	-	65,587,895	-	34,028,207	52%
18	<b>Total</b>	<b>1,640,088,937</b>	<b>725,699,546</b>	<b>1,454,044,708</b>	<b>189,303,678</b>	<b>994,237,758</b>	<b>61%</b>

	<i>Prior Period</i>	<i>Exposures before CCF and CRM</i>		<i>Exposures post-CCF and CRM</i>		<i>RWA and RWA density</i>	
	<b>Risk Classes</b>	<i>On-balance sheet amount</i>	<i>Off-balance sheet amount</i>	<i>On-balance sheet amount</i>	<i>Off-balance sheet amount</i>	<i>RWA</i>	<i>RWA density</i>
1	Exposures to sovereigns and their central banks	306,927,251	4,022,314	311,694,368	102,529	4,256,917	1%
2	Exposures to regional and local governments	2,131,641	43,546	2,131,242	42,536	1,102,981	51%
3	Exposures to administrative bodies and non-commercial entities	2,345,605	475,330	2,345,181	166,244	2,511,426	100%
4	Exposures to multilateral development banks	8,717	100	8,718	-	-	-
5	Exposures to international organizations	-	-	-	-	-	-
6	Exposures to banks and brokerage houses	95,069,240	21,016,440	37,028,655	10,268,198	15,878,215	34%
7	Exposures to corporates	324,985,179	206,412,576	304,602,415	97,402,386	360,542,746	90%
8	Retail exposures	231,939,837	206,959,047	225,919,951	14,361,721	193,953,705	81%
9	Exposures secured by residential property	23,067,054	94,469	23,051,482	60,500	8,089,193	35%
10	Exposures secured by commercial property	15,417,940	4,534,199	15,362,047	2,632,827	11,048,933	61%
11	Past-due items	4,813,021	49	4,813,006	-	2,833,755	59%
12	Exposures in high-risk categories	100,753,073	659,089	100,692,764	312,299	172,950,017	171%
13	Covered Bonds	-	-	-	-	-	-
14	Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-
15	Exposures in the form of collective investment undertakings	13,673	-	13,673	-	13,673	100%
16	Shares	2,921,873	-	2,921,873	-	2,921,873	100%
17	Other exposures	38,385,803	-	38,385,804	-	18,775,766	49%
<b>18</b>	<b>Total</b>	<b>1,148,779,907</b>	<b>444,217,159</b>	<b>1,068,971,179</b>	<b>125,349,240</b>	<b>794,879,200</b>	<b>67%</b>



**4.10.3.3.3 Consolidated exposures by asset classes and risk weights**

	<b>Regulatory portfolio Current Period</b>	<b>0%</b>	<b>2%</b>	<b>10%</b>	<b>20%</b>	<b>25%</b>	<b>35%</b>	<b>50%</b>	<b>75%</b>	<b>100%</b>	<b>150%</b>	<b>250%</b>	<b>Others</b>	<b>Total risk amount (post-CCF and CRM)</b>
1	Exposures to sovereigns and their central banks	496,761,422	-	4,875,673	145,352	-	-	153,047	-	5,852,364	-	-	-	507,787,858
2	Exposures to regional and local government	-	-	-	-	-	-	1,815,540	-	2	-	-	-	1,815,542
3	Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-	-	-	1,477,264	-	-	-	1,477,264
4	Exposures to multilateral development banks	741	-	-	-	-	-	-	-	-	-	-	-	741
5	Exposures to international organizations	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Exposures to banks and brokerage houses	-	187,305	-	40,517,770	-	-	29,707,692	-	2,071,046	-	-	-	72,483,813
7	Exposures to corporates	-	-	-	22,036,206	-	-	42,816,856	-	423,748,253	-	-	-	488,601,315
8	Retail exposures	-	-	-	5,154	-	-	9,420	258,184,044	90,231,562	-	-	-	348,430,180
9	Exposures secured by residential property	-	-	-	-	-	33,130,635	-	-	-	-	-	-	33,130,635
10	Exposures secured by commercial property	-	-	-	-	-	-	14,972,212	-	4,746,248	-	-	-	19,718,460
11	Past-due items	-	-	-	-	-	-	4,157,912	-	1,465,489	-	-	-	5,623,401
12	Exposures in high-risk categories	-	-	-	-	-	-	509,218	-	154,328	54,953,379	-	38,650,584	94,267,509
13	Covered bonds	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Exposures in the form of collective investment undertakings	-	-	-	-	-	-	-	-	11,535	-	-	-	11,535
16	Shares	-	-	-	-	-	-	-	-	4,412,238	-	-	-	4,412,238
17	Other exposures	31,558,631	-	-	1,320	-	-	-	-	34,027,944	-	-	-	65,587,895
18	<b>Total</b>	<b>528,320,794</b>	<b>187,305</b>	<b>4,875,673</b>	<b>62,705,802</b>	<b>-</b>	<b>33,130,635</b>	<b>94,141,897</b>	<b>258,184,044</b>	<b>568,198,273</b>	<b>54,953,379</b>	<b>-</b>	<b>38,650,584</b>	<b>1,643,348,386</b>

**Türkiye Garanti Bankası AŞ and Its Financial Subsidiaries**

Consolidated Financial Report as of and  
for the Six-Month Period Ended 30 June 2023  
(Thousands of Turkish Lira (TL))

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

	<b>Regulatory portfolio Prior Period</b>	<b>0%</b>	<b>2%</b>	<b>10%</b>	<b>20%</b>	<b>25%</b>	<b>35%</b>	<b>50%</b>	<b>75%</b>	<b>100%</b>	<b>150%</b>	<b>250%</b>	<b>Others</b>	<b>Total risk amount (post-CCF and CRM)</b>
1	Exposures to sovereigns and their central banks	307,484,832	-	-	994	-	-	108,706	-	4,202,365	-	-	-	311,796,897
2	Exposures to regional and local government	-	-	-	-	-	-	2,141,592	-	32,186	-	-	-	2,173,778
3	Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-	-	-	2,511,425	-	-	-	2,511,425
4	Exposures to multilateral development banks	8,718	-	-	-	-	-	-	-	-	-	-	-	8,718
5	Exposures to international organizations	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Exposures to banks and brokerage houses	-	242,587	-	28,260,428	-	-	17,145,121	-	1,648,717	-	-	-	47,296,853
7	Exposures to corporates	-	-	-	29,565,549	-	-	35,618,644	1,187	336,819,421	-	-	-	402,004,801
8	Retail exposures	-	-	-	2	-	-	4,598	185,302,621	54,974,451	-	-	-	240,281,672
9	Exposures secured by residential property	-	-	-	-	-	23,111,982	-	-	-	-	-	-	23,111,982
10	Exposures secured by commercial property	-	-	-	-	-	-	13,891,883	-	4,102,991	-	-	-	17,994,874
11	Past-due items	-	-	-	-	-	-	3,958,505	-	854,501	-	-	-	4,813,006
12	Exposures in high-risk categories	-	-	-	-	-	-	455,191	-	73,498	56,671,211	-	43,805,163	101,005,063
13	Covered bonds	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Exposures in the form of collective investment undertakings	-	-	-	-	-	-	-	-	13,673	-	-	-	13,673
16	Shares	-	-	-	-	-	-	-	-	2,921,873	-	-	-	2,921,873
17	Other exposures	19,609,238	-	-	998	-	-	-	-	18,775,568	-	-	-	38,385,804
18	<b>Total</b>	<b>327,102,788</b>	<b>242,587</b>	<b>-</b>	<b>57,827,971</b>	<b>-</b>	<b>23,111,982</b>	<b>73,324,240</b>	<b>185,303,808</b>	<b>426,930,669</b>	<b>56,671,211</b>	<b>-</b>	<b>43,805,163</b>	<b>1,194,320,419</b>

#### **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**

	<i>Current Period</i>	<i>Replacement cost</i>	<i>Potential future exposure</i>	<i>EEPE(Effective Expected Positive Exposure)</i>	<i>Alpha used for computing regulatory EAD</i>	<i>EAD post-CRM</i>	<i>RWA</i>
1	Standardised Approach - CCR (for derivatives)	15,560,899	2,583,624		1.40	25,402,333	6,908,364
2	Internal Model Method (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)			-	-	-	-
3	Simple Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					-	-
4	Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					13,542,095	13,273,960
5	Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions					-	-
6	<b>Total</b>						20,182,324

	<i>Prior Period</i>	<i>Replacement cost</i>	<i>Potential future exposure</i>	<i>EEPE(Effective Expected Positive Exposure)</i>	<i>Alpha used for computing regulatory EAD</i>	<i>EAD post-CRM</i>	<i>RWA</i>
1	Standardised Approach - CCR (for derivatives)	7,535,789	3,332,444		1.4	15,215,526	7,106,637
2	Internal Model Method (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)			-	-	-	-
3	Simple Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					-	-
4	Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					6,846,755	6,023,426
5	Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions					-	-
6	<b>Total</b>						<b>13,130,063</b>

#### 4.10.4.3 Consolidated capital requirement for credit valuation adjustment (CVA)

		<i>Current Period</i>		<i>Prior Period</i>	
		<i>EAD post-CRM</i>	<i>RWA</i>	<i>EAD post-CRM</i>	<i>RWA</i>
	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	24,281,065	10,198,305	14,509,037	9,003,353
4	<b>Total subject to the CVA capital obligation</b>	<b>24,281,065</b>	<b>10,198,305</b>	<b>14,509,037</b>	<b>9,003,353</b>

**4.10.4.4 Consolidated CCR exposures by risk class and risk weights**

<i>Current Period</i>	<b>Risk weight</b>									
<b>Regulatory portfolio</b>	<b>0%</b>	<b>2%</b>	<b>10%</b>	<b>20%</b>	<b>50%</b>	<b>75%</b>	<b>100%</b>	<b>150%</b>	<b>Other</b>	<b>Total credit exposure</b>
Exposures to sovereigns and their central banks	11,411,319	-	-	-	-	-	-	-	-	11,411,319
Exposures to regional and local governments	-	-	-	-	-	-	-	-	-	-
Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-	170	-	-	170
Exposures to multilateral development banks	98,366	-	-	-	-	-	-	-	-	98,366
Exposures to international organizations	-	-	-	-	-	-	-	-	-	-
Exposures to banks and brokerage houses	-	1,026,762	-	1,686,237	8,567,251	-	25,147	-	-	11,305,397
Exposures to corporates	-	101,113	-	183,382	723,307	-	15,096,863	-	-	16,104,665
Retail exposures	-	-	-	1	-	24,511	-	-	-	24,512
Other assets	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>11,509,685</b>	<b>1,127,875</b>	<b>-</b>	<b>1,869,620</b>	<b>9,290,558</b>	<b>24,511</b>	<b>15,122,180</b>	<b>-</b>	<b>-</b>	<b>38,944,429</b>

<i>Prior Period</i>	<b>Risk weight</b>									
<b>Regulatory portfolio</b>	<b>0%</b>	<b>2%</b>	<b>10%</b>	<b>20%</b>	<b>50%</b>	<b>75%</b>	<b>100%</b>	<b>150%</b>	<b>Other</b>	<b>Total credit exposure</b>
Exposures to sovereigns and their central banks	1,764,131	-	-	-	-	-	-	-	-	1,764,131
Exposures to regional and local governments	-	-	-	-	-	-	-	-	-	-
Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-	26,960	-	-	26,960
Exposures to multilateral development banks	35,323	-	-	-	-	-	-	-	-	35,323
Exposures to international organizations	-	-	-	-	-	-	-	-	-	-
Exposures to banks and brokerage houses	-	619,546	-	1,509,522	8,615,012	-	2,850	-	-	10,746,930
Exposures to corporates	-	86,942	-	533,160	567,342	-	7,441,161	-	-	8,628,605
Retail exposures	-	-	-	-	-	860,332	-	-	-	860,332
Other assets	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1,799,454</b>	<b>706,488</b>	<b>-</b>	<b>2,042,682</b>	<b>9,182,354</b>	<b>860,332</b>	<b>7,470,971</b>	<b>-</b>	<b>-</b>	<b>22,062,281</b>

#### 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	-	-	-	-	242,648	120,270
Cash-foreign currency	-	-	-	-	29,873,584	-
Domestic sovereign debts	-	-	-	-	120,270	39,777,367
Other sovereign debts	-	-	-	-	-	1,891,680
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	512,643
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	<b>30,236,502</b>	<b>42,301,960</b>

	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	-	-	-	-	119,696	90,050
Cash-foreign currency	-	-	-	-	17,438,951	651,134
Domestic sovereign debts	-	-	-	-	90,050	19,040,035
Other sovereign debts	-	-	-	-	-	2,103,492
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	651,134	2,308,689
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	<b>18,299,831</b>	<b>24,193,400</b>

#### 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	-	43,860,663	-	33,243,160
Credit options	-	-	-	-
Other credit derivatives	-	-	-	-
<b>Total Notionals</b>	-	<b>43,860,663</b>	-	<b>33,243,160</b>
<b>Fair Values</b>	-	<b>(4,261,597)</b>	-	<b>(1,879,069)</b>
Positive fair values (asset)	-	962	-	129,821
Negative fair values (liability)	-	(4,262,560)	-	(2,008,890)

#### 4.10.4.7 Exposures to central counterparties

	Current Period		Prior Period	
	EAD (post-CRM)	RWA	EAD (post-CRM)	RWA
<b>Exposures to QCCPs (total)</b>		<b>22,557</b>		<b>14,130</b>
Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which				
(i) OTC derivatives	1,127,874	22,557	706,487	14,130
(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	-	-	-	-
<b>Exposures to non-QCCPs (total)</b>		<b>-</b>		<b>-</b>
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.



**4.10.6.2 Consolidated market risk under standardised approach**

		<i>RWA (*)</i>	
		<i>Current Period</i>	<i>Prior Period</i>
	<b>Outright products</b>	<b>30,107,050</b>	<b>46,933,362</b>
1	Interest rate risk (general and specific)	5,329,462	5,663,011
2	Equity risk (general and specific)	5,071,325	5,794,538
3	Foreign exchange risk	19,218,763	34,961,963
4	Commodity risk	487,500	513,850
	<b>Options</b>	<b>356,038</b>	<b>1,943,663</b>
5	Simplified approach	-	-
6	Delta-plus method	356,038	1,943,663
7	Scenario approach	-	-
8	Securitisation	-	-
<b>9</b>	<b>Total</b>	<b>30,463,088</b>	<b>48,877,025</b>

(\*) According to “Bank Capital Regulation” article 10 paragraph 4, which published on Official Gazette dated 5 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”.

## **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**

	<i>Current Period</i>		<i>Prior Period</i>	
	<b>TP</b>	<b>FC</b>	<b>TP</b>	<b>FC</b>
Cash in TL/Foreign Currency	4,875,879	30,103,239	3,310,207	18,504,580
Central Bank of Turkey	19,714,148	130,155,258	5,895,148	108,120,522
Others	-	7,255,168	-	3,739,285
<b>Total</b>	<b>24,590,027</b>	<b>167,513,665</b>	<b>9,205,355</b>	<b>130,364,387</b>

##### *Balances with the Central Bank of Turkey*

	<i>Current Period</i>		<i>Prior Period</i>	
	<b>TP</b>	<b>FC</b>	<b>TP</b>	<b>FC</b>
Unrestricted Demand Deposits	19,714,148	36,511,223	5,895,148	35,586,176
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	-	93,644,035	-	72,534,346
<b>Total</b>	<b>19,714,148</b>	<b>130,155,258</b>	<b>5,895,148</b>	<b>108,120,522</b>

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 1 July 2021 and numbered 31528, the facility for maintain Turkish lira reserve requirements in foreign currency was terminated as of 1 October 2021.

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

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

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

#### 5.1.1.2 Banks

	<i>Current Period</i>		<i>Prior Period</i>	
	TP	FC	TP	FC
Banks				
Domestic banks	1,474,863	753,478	548,751	838,155
Foreign banks	373,343	129,662,333	480,731	60,291,144
Foreign head office and branches	-	-	-	-
<b>Total</b>	<b>1,848,206</b>	<b>130,415,811</b>	<b>1,029,482</b>	<b>61,129,299</b>

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

Furthermore, there are restricted deposits at various domestic banks amounting TL 1,018,084 (31 December 2022: TL 329,141) 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

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
<b>Domestic Transactions</b>	<b>64,846,257</b>	-	<b>34,809,528</b>	-
Central Bank of Turkey	-	-	-	-
Banks	64,843,251	-	34,809,528	-
Others	3,006	-	-	-
<b>Foreign Transactions</b>	-	<b>54,867,708</b>	-	<b>35,871,173</b>
Central banks	-	-	-	-
Banks	-	54,867,708	-	35,871,173
Others	-	-	-	-
<b>Total</b>	<b>64,846,257</b>	<b>54,867,708</b>	<b>34,809,528</b>	<b>35,871,173</b>

#### 5.1.1.4 Expected credit losses for cash and cash equivalents

<i>Current Period</i>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
<b>Balances at Beginning of Period</b>	<b>905,454</b>	<b>4,029</b>	-	<b>909,483</b>
Additions during the Period (+)	1,835,748	-	-	1,835,748
Disposal (-)	(1,499,017)	(4,046)	-	(1,503,063)
Transfer to Stage1	4	(4)	-	-
Transfer to Stage 2	(3)	3	-	-
Transfer to Stage 3	-	-	-	-
Foreign Currency Differences	195,517	8	-	195,525
<b>Balances at End of Period</b>	<b>1,437,703</b>	<b>(10)</b>	-	<b>1,437,693</b>

<i>Prior Period</i>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
<b>Balances at Beginning of Period</b>	<b>237,052</b>	-	-	<b>237,052</b>
Additions during the Period (+)	2,570,304	14,360	-	2,584,664
Disposal (-)	(1,985,613)	(12,267)	-	(1,997,880)
Transfer to Stage1	1	(1)	-	-
Transfer to Stage 2	(15)	15	-	-
Transfer to Stage 3	-	-	-	-
Foreign Currency Differences	83,725	1,922	-	85,647
<b>Balances at End of Period</b>	<b>905,454</b>	<b>4,029</b>	-	<b>909,483</b>

## 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

	<i>Current Period</i>		<i>Prior Period</i>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Collateralised/Blocked Assets	-	1,246,538	-	752,685
Assets Subject to Repurchase Agreements	-	-	-	-
<b>Total</b>	-	<b>1,246,538</b>	-	<b>752,685</b>

### 5.1.2.2 Financial assets measured at fair value through profit or loss

	<i>Current Period</i>		<i>Prior Period</i>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Government Securities	2,140,750	2,459,626	1,144,328	1,369,671
Equity Securities	2,061,705	101,858	2,580,133	67,322
Other Financial Assets (*)	23,415	630,135	22,584	587,421
<b>Total</b>	<b>4,225,870</b>	<b>3,191,619</b>	<b>3,747,045</b>	<b>2,024,414</b>

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

## 5.1.3 Financial assets measured at fair value through other comprehensive income

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

	<i>Current Period</i>		<i>Prior Period</i>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Collateralised/Blocked Assets	24,088,653	7,776,266	28,104,711	6,114,128
Assets subject to Repurchase Agreements	127,113	14,965,652	-	8,452,415
<b>Total</b>	<b>24,215,766</b>	<b>22,741,918</b>	<b>28,104,711</b>	<b>14,566,543</b>

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

	<i>Current Period</i>	<i>Prior Period</i>
<b>Debt Securities</b>	<b>57,894,667</b>	<b>53,835,518</b>
Quoted at Stock Exchange	57,894,667	53,835,518
Unquoted at Stock Exchange	-	-
<b>Common Shares/Investment Fund</b>	<b>17,736</b>	<b>13,859</b>
Quoted at Stock Exchange	4,491	4,491
Unquoted at Stock Exchange	13,245	9,368
<b>Value Increase/Impairment Losses (-)</b>	<b>33,005,128</b>	<b>35,079,023</b>
<b>Total</b>	<b>90,917,531</b>	<b>88,928,400</b>

Expected losses of TL 330,158 (31 December 2022: TL 280,881) are accounted under shareholders' equity for financial assets measured at fair value through other comprehensive income.

**5.1.4 Derivative financial assets**

**5.1.4.1 Positive differences on derivative financial assets measured at FVTPL**

	<i>Current Period</i>		<i>Prior Period</i>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Forward Transactions	1,718,475	62,878	357,376	103,420
Swap Transactions	10,570,257	6,035,049	3,088,701	4,661,058
Futures	-	29	-	-
Options	116,604	22,684	754,925	453,506
Others	-	2,690	-	109
<b>Total</b>	<b>12,405,336</b>	<b>6,123,330</b>	<b>4,201,002</b>	<b>5,218,093</b>

**5.1.4.2 Positive differences on derivative financial instruments held for hedging purpose**

<b>Derivative Financial Assets Held for Hedging Purpose</b>	<i>Current Period</i>		<i>Prior Period</i>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Fair Value Hedges	-	715,921	-	358,619
Cash Flow Hedges	1,299,149	1,245,414	195,721	1,061,783
Net Foreign Investment Hedges	-	-	-	-
<b>Total</b>	<b>1,299,149</b>	<b>1,961,335</b>	<b>195,721</b>	<b>1,420,402</b>

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

	<i>Current Period</i>			<i>Prior Period</i>		
	Face Value	Asset	Liability	Face Value	Asset	Liability
Interest Rate Swaps	60,125,821	1,861,600	61,580	55,794,354	1,353,175	3,659
-TL	3,501,500	42,956	11,780	620,000	17,025	3,659
-FC	56,624,321	1,818,644	49,800	55,174,354	1,336,150	-
Currency Swaps	8,953,141	1,121,138	-	11,068,932	11,708	21,111
-TL	3,935,005	1,121,138	-	5,550,445	11,708	21,111
-FC	5,018,136	-	-	5,518,487	-	-
Cross Currency Swaps	4,370,585	203,162	69,265	2,553,835	182,038	11,106
-TL	127,572	135,055	33,900	653,406	154,899	4,961
-FC	4,243,013	68,107	35,365	1,900,429	27,139	6,145
Currency Forwards	52,563	743	3,207	94,940	12,089	730
-TL	-	-	-	21,862	12,089	-
-FC	52,563	743	3,207	73,078	-	730
Interest Rate Options	343,358	73,841	-	388,100	57,113	-
-TL	-	-	-	-	-	-
-FC	343,358	73,841	-	388,100	57,113	-
<b>Total</b>	<b>73,845,468</b>	<b>3,260,484</b>	<b>134,052</b>	<b>69,900,161</b>	<b>1,616,123</b>	<b>36,606</b>

#### 5.1.4.3 Fair value hedge accounting

<i>Current Period</i>						
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	13,273	21,214		38,524
Interest Rate Swaps	Fixed-rate securities	Interest rate risk	(382,352)	671,466	(42,258)	129,772
Cross Currency Swaps	Fixed-rate securities issued	Interest rate and foreign currency exchange rate risk	-	23,241	-	-

  

<i>Prior Period</i>						
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	13,725	15,406	-	43,636
Interest Rate Swaps	Fixed-rate securities	Interest rate risk	(312,226)	343,213	-	41,290
Cross Currency Swaps	Fixed-rate securities issued	Interest rate and foreign currency exchange rate risk	-	-	-	-

**5.1.4.4 Cash flow hedge accounting**

<b>Current Period</b>							
<b>Hedging Item</b>	<b>Hedged Item</b>	<b>Type of Risk</b>	<b>Fair Value Change of Hedged Item</b>		<b>Gains/Losses Accounted under Shareholders' Equity in the Period</b>	<b>Gains/Losses Accounted under Income Statement in the Period</b>	<b>Ineffective Portion (net) Accounted under Income Statement</b>
			<b>Asset</b>	<b>Liability</b>			
Interest Rate Swaps	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates	35,614	(11,469)	6,294	6,217	-
Interest Rate Swaps	Floating-rate deposit	Cash flow risk resulted from change in market interest rates	1,133,306	(7,853)	389,676	202,081	888,552
Cross Currency Swaps	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	135,054	(33,899)	(212,667)	1,051	(1,222,985)
Cross Currency Swaps	Fixed-rate funds borrowed	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	44,867	(35,366)	(806)	(558)	-
Currency Forwards	Mile payments	Cash flow risk resulted from foreign currency exchange rates	-	-	-	-	-
Currency Forwards	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	743	(3,207)	(787)	558	-
Interest Rate Options	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	73,841	-	302,806	-	-
Currency Swaps	Expected investment /Operational expenses	Cash flow risk resulted from foreign currency exchange rates	1,121,138	-	1,021,076	-	-
Spot Position	Mile payments	Cash flow risk resulted from foreign currency exchange rates	-	-	213,360	-	-

In the current period, the amount reclassified from the shareholders' equity to the statement of profit or loss due to the ceased hedging transactions is TL (451,233) and the amount recognized in equity is TL (771,578).

<b>Prior Period</b>							
<b>Hedging Item</b>	<b>Hedged Item</b>	<b>Type of Risk</b>	<b>Fair Value Change of Hedged Item</b>		<b>Gains/Losses Accounted under Shareholders' Equity in the Period</b>	<b>Gains/Losses Accounted under Income Statement in the Period</b>	<b>Ineffective Portion (net) Accounted under Income Statement</b>
			<b>Asset</b>	<b>Liability</b>			
Interest Rate Swaps	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates	23,883	(3,659)	107,007	(22,640)	(191)
Interest Rate Swaps	Floating-rate deposit	Cash flow risk resulted from change in market interest rates	970,673	-	969,706	62,770	19,412
Cross Currency Swaps	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	139,881	(4,083)	(29,871)	(3,388)	-
Cross Currency Swaps	Fixed-rate funds borrowed	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	42,157	(7,023)	(1,700)	389	-
Currency Forwards	Mile payments	Cash flow risk resulted from foreign currency exchange rates	12,089	-	4,859	-	-
Currency Forwards	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	-	(730)	94	(2,650)	-
Interest Rate Options	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	57,113	-	(9,013)	-	-
Currency Swaps	Expected investment /Operational expenses	Cash flow risk resulted from foreign currency exchange rates	11,708	(21,111)	20,071	-	-
Spot Position	Mile payments	Cash flow risk resulted from foreign currency exchange rates	-	-	170,560	-	-

As of 31 December 2022, the amount reclassified from the shareholders' equity to the statement of profit or loss due to the ceased hedging transactions is TL (232,423) and the amount recognized in equity is TL (119,064).



## 5.1.5 Loans

### 5.1.5.1 Loans and advances to shareholders and employees of the Bank

	Current Period		Prior Period	
	Cash Loans	Non-Cash Loans	Cash Loans	Non-Cash Loans
<b>Direct Lendings to Shareholders</b>	-	4,001,894	-	2,405,182
Corporates	-	4,001,894	-	2,405,182
Individuals	-	-	-	-
<b>Indirect Lendings to Shareholders</b>	188,328	-	89,672	9,938
<b>Loans to Employees</b>	1,226,732	21	878,273	77
<b>Total</b>	1,415,060	4,001,915	967,945	2,415,197

### 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	Performing Loans	Loans under Follow-up		
Cash Loans (*)		Non-restructured	Restructured	
			Revised Contract Terms	Refinanced
<b>Loans</b>	845,701,913	81,528,633	24,232,988	27,467,269
Working Capital Loans	107,502,205	5,818,482	1,225,699	13,558,869
Export Loans	103,723,277	3,415,939	57,384	109,964
Import Loans	319,808	-	-	-
Loans to Financial Sector	33,807,198	1,547	-	-
Consumer Loans	162,651,975	18,682,651	1,110,311	33,845
Credit Cards	156,364,716	26,962,632	928,986	-
Others	281,332,734	26,647,382	20,910,608	13,764,591
<b>Specialization Loans</b>	-	-	-	-
<b>Other Receivables</b>	35,143,426	1,608,423	625,435	36,603
<b>Total</b>	880,845,339	83,137,056	24,858,423	27,503,872

(\*) Non-performing loans are not included.

Prior Period	Performing Loans	Loans under Follow-up		
Cash Loans (*)		Non-restructured	Restructured	
			Revised Contract Terms	Refinanced
<b>Loans</b>	636,829,480	58,044,937	26,275,798	20,945,396
Working Capital Loans	81,624,390	8,567,431	1,701,108	10,283,855
Export Loans	76,236,204	5,885,132	87,923	88,151
Import Loans	826,223	-	-	-
Loans to Financial Sector	23,137,631	9,158	-	-
Consumer Loans	124,190,908	13,114,016	1,493,872	58,761
Credit Cards	98,932,193	12,626,508	492,320	-
Others	231,881,931	17,842,692	22,500,575	10,514,629
<b>Specialization Loans</b>	-	-	-	-
<b>Other Receivables</b>	25,254,788	1,277,276	637,306	24,154
<b>Total</b>	662,084,268	59,322,213	26,913,104	20,969,550

(\*) Non-performing loans are not included.

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)	266,242,123	289,034,984	266,253,985	24,154,892	7,932,695	15,599,832	10,499,620	1,127,208	550,928,423	329,916,916
Loans under Follow-up (Stage 2)	28,278,736	63,811,821	38,124,790	3,013,542	78,263	2,190,881	1,318	-	66,483,107	69,016,244
<b>Total Stage 1 and 2 Loans</b>	<b>294,520,859</b>	<b>352,846,805</b>	<b>304,378,775</b>	<b>27,168,434</b>	<b>8,010,958</b>	<b>17,790,713</b>	<b>10,500,938</b>	<b>1,127,208</b>	<b>617,411,530</b>	<b>398,933,160</b>
Expected Credit losses-Stage 1-2 (-)	5,131,577	22,888,113	3,462,289	403,224	71,062	465,777	23,223	864	8,688,151	23,757,978
<b>Total Non-performing Loans</b>	<b>11,356,760</b>	<b>2,478,074</b>	<b>5,934,327</b>	<b>803,541</b>	<b>376,798</b>	<b>1,263,353</b>	<b>44,232</b>	<b>26,749</b>	<b>17,712,117</b>	<b>4,571,717</b>
Expected Credit losses-Stage 3 (-)	8,472,053	1,794,410	3,586,942	613,086	313,976	795,823	37,662	26,749	12,410,633	3,230,068

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)	243,811,957	193,783,845	183,742,840	15,474,901	5,007,701	10,790,539	8,457,084	1,015,401	441,019,582	221,064,686
Loans under Follow-up (Stage 2)	22,404,677	58,732,257	21,788,357	2,340,840	97,203	1,840,672	861	-	44,291,098	62,913,769
<b>Total Stage 1 and 2 Loans</b>	<b>266,216,634</b>	<b>252,516,102</b>	<b>205,531,197</b>	<b>17,815,741</b>	<b>5,104,904</b>	<b>12,631,211</b>	<b>8,457,945</b>	<b>1,015,401</b>	<b>485,310,680</b>	<b>283,978,455</b>
Expected Credit losses-Stage 1-2 (-)	4,902,700	17,630,535	2,046,692	284,178	69,534	445,522	17,133	993	7,036,059	18,361,228
<b>Total Non-performing Loans</b>	<b>12,680,638</b>	<b>2,130,279</b>	<b>3,729,709</b>	<b>483,944</b>	<b>263,593</b>	<b>932,585</b>	<b>41,271</b>	<b>27,785</b>	<b>16,715,211</b>	<b>3,574,593</b>
Expected Credit losses-Stage 3 (-)	9,522,299	1,552,565	2,306,251	389,248	250,656	606,671	33,527	27,785	12,112,733	2,576,269

	Current Period		Prior Period	
	Performing Loans	Loans Under Follow-Up	Performing Loans	Loans Under Follow-Up
12-Month ECL (Stage 1)	4,918,910	-	4,490,335	-
Significant Increase in Credit Risk (Stage 2)	-	27,527,219	-	20,906,952

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

*Collaterals received for loans under follow-up*

Current Period	Corporate / Commercial Loans	Consumer Loans	Credit Cards	Total
Loans Collateralized by Cash	5,242,780	83,539	-	5,326,319
Loans Collateralized by Mortgages / Shares/ Credit Guarantee Fund Sureties	33,088,953	1,641,549	-	34,730,502
Loans Collateralized by Pledged Assets	8,707,749	373,122	-	9,080,871
Loans Collateralized by Cheques and Notes	124,220	7,941	-	132,161
Loans Collateralized by Other Collaterals	37,801,004	8,539,081	-	46,340,085
Unsecured Loans	2,816,220	9,181,575	27,891,618	39,889,413
<b>Total</b>	<b>87,780,926</b>	<b>19,826,807</b>	<b>27,891,618</b>	<b>135,499,351</b>

<b>Prior Period</b>	<b>Corporate / Commercial Loans</b>	<b>Consumer Loans</b>	<b>Credit Cards</b>	<b>Total</b>
Loans Collateralized by Cash	1,535,626	72,259	-	1,607,885
Loans Collateralized by Mortgages / Shares/ Credit Guarantee Fund Sureties	26,047,828	3,166,866	-	29,214,694
Loans Collateralized by Pledged Assets	12,548,462	348,449	-	12,896,911
Loans Collateralized by Cheques and Notes	155,608	4,701	-	160,309
Loans Collateralized by Other Collaterals	32,779,993	9,028,288	-	41,808,281
Unsecured Loans	6,351,873	2,046,086	13,118,828	21,516,787
<b>Total</b>	<b>79,419,390</b>	<b>14,666,649</b>	<b>13,118,828</b>	<b>107,204,867</b>

*Delinquency periods of loans under follow-up*

<b>Current Period</b>	<b>Corporate / Commercial Loans</b>	<b>Consumer Loans</b>	<b>Credit Cards</b>	<b>Total</b>
31-60 days	372,182	1,365,325	890,961	2,628,468
61-90 days	259,129	567,716	366,894	1,193,739
Other	87,149,615	17,893,766	26,633,763	131,677,144
<b>Total</b>	<b>87,780,926</b>	<b>19,826,807</b>	<b>27,891,618</b>	<b>135,499,351</b>

<b>Prior Period</b>	<b>Corporate / Commercial Loans</b>	<b>Consumer Loans</b>	<b>Credit Cards</b>	<b>Total</b>
31-60 days	281,239	1,177,690	390,226	1,849,155
61-90 days	566,783	365,861	151,406	1,084,050
Other	78,571,368	13,123,098	12,577,196	104,271,662
<b>Total</b>	<b>79,419,390</b>	<b>14,666,649</b>	<b>13,118,828</b>	<b>107,204,867</b>

**5.1.5.3 Maturity analysis of cash loans**

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

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

<i>Current Period</i>	<b>Short-Term</b>	<b>Medium and Long-Term</b>	<b>Total</b>
<b>Consumer Loans – TL</b>	<b>32,849,201</b>	<b>103,858,479</b>	<b>136,707,680</b>
Housing Loans	63,995	32,466,818	32,530,813
Automobile Loans	2,189,131	7,715,639	9,904,770
General Purpose Loans	30,596,075	63,676,022	94,272,097
Others	-	-	-
<b>Consumer Loans – FC-indexed</b>	<b>-</b>	<b>154,419</b>	<b>154,419</b>
Housing Loans	-	154,419	154,419
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Others	-	-	-
<b>Consumer Loans – FC</b>	<b>3,820,757</b>	<b>21,401,553</b>	<b>25,222,310</b>
Housing Loans	729,999	13,855,892	14,585,891
Automobile Loans	-	20,843	20,843
General Purpose Loans	1,349,514	4,725,055	6,074,569
Others	1,741,244	2,799,763	4,541,007
<b>Retail Credit Cards – TL</b>	<b>142,549,567</b>	<b>567,419</b>	<b>143,116,986</b>
With Installment	77,410,714	567,419	77,978,133
Without Installment	65,138,853	-	65,138,853
<b>Retail Credit Cards – FC</b>	<b>1,693,866</b>	<b>16,052</b>	<b>1,709,918</b>
With Installment	-	-	-
Without Installment	1,693,866	16,052	1,709,918
<b>Personnel Loans – TL</b>	<b>204,400</b>	<b>211,196</b>	<b>415,596</b>
Housing Loan	-	1,597	1,597
Automobile Loans	302	366	668
General Purpose Loans	204,098	209,233	413,331
Others	-	-	-
<b>Personnel Loans - FC-indexed</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Others	-	-	-
<b>Personnel Loans – FC</b>	<b>19,280</b>	<b>176,532</b>	<b>195,812</b>
Housing Loans	4,347	95,411	99,758
Automobile Loans	-	-	-
General Purpose Loans	11,814	64,139	75,953
Others	3,119	16,982	20,101
<b>Personnel Credit Cards – TL</b>	<b>582,857</b>	<b>1,814</b>	<b>584,671</b>
With Installment	275,528	1,814	277,342
Without Installment	307,329	-	307,329
<b>Personnel Credit Cards – FC</b>	<b>30,422</b>	<b>209</b>	<b>30,631</b>
With Installment	-	-	-
Without Installment	30,422	209	30,631
<b>Deposit Accounts– TL (Real Persons)</b>	<b>19,782,943</b>	<b>-</b>	<b>19,782,943</b>
<b>Deposit Accounts– TL (Personnel)</b>	<b>22</b>	<b>-</b>	<b>22</b>
<b>Deposit Accounts– FC (Real Persons)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>201,533,315</b>	<b>126,387,673</b>	<b>327,920,988</b>

<i>Prior Period</i>	<b>Short-Term</b>	<b>Medium and Long-Term</b>	<b>Total</b>
<b>Consumer Loans – TL</b>	<b>18,339,322</b>	<b>91,526,657</b>	<b>109,865,979</b>
Housing Loans	36,300	23,025,402	23,061,702
Automobile Loans	985,209	4,891,000	5,876,209
General Purpose Loans	17,317,813	63,610,255	80,928,068
Others	-	-	-
<b>Consumer Loans – FC-indexed</b>	<b>-</b>	<b>132,069</b>	<b>132,069</b>
Housing Loans	-	132,069	132,069
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Others	-	-	-
<b>Consumer Loans – FC</b>	<b>2,764,097</b>	<b>13,838,887</b>	<b>16,602,984</b>
Housing Loans	462,959	8,573,196	9,036,155
Automobile Loans	-	14,034	14,034
General Purpose Loans	907,323	2,890,621	3,797,944
Others	1,393,815	2,361,036	3,754,851
<b>Retail Credit Cards – TL</b>	<b>82,758,294</b>	<b>283,379</b>	<b>83,041,673</b>
With Installment	45,361,352	283,379	45,644,731
Without Installment	37,396,942	-	37,396,942
<b>Retail Credit Cards – FC</b>	<b>1,036,344</b>	<b>9,987</b>	<b>1,046,331</b>
With Installment	-	-	-
Without Installment	1,036,344	9,987	1,046,331
<b>Personnel Loans – TL</b>	<b>101,175</b>	<b>208,422</b>	<b>309,597</b>
Housing Loan	-	214	214
Automobile Loans	-	405	405
General Purpose Loans	101,175	207,803	308,978
Others	-	-	-
<b>Personnel Loans - FC-indexed</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Others	-	-	-
<b>Personnel Loans – FC</b>	<b>17,618</b>	<b>124,263</b>	<b>141,881</b>
Housing Loans	4,136	62,587	66,723
Automobile Loans	-	-	-
General Purpose Loans	10,789	47,139	57,928
Others	2,693	14,537	17,230
<b>Personnel Credit Cards – TL</b>	<b>375,668</b>	<b>1,164</b>	<b>376,832</b>
With Installment	163,197	1,164	164,361
Without Installment	212,471	-	212,471
<b>Personnel Credit Cards – FC</b>	<b>16,291</b>	<b>157</b>	<b>16,448</b>
With Installment	-	-	-
Without Installment	16,291	157	16,448
<b>Deposit Accounts– TL (Real Persons)</b>	<b>11,771,532</b>	<b>-</b>	<b>11,771,532</b>
<b>Deposit Accounts– TL (Personnel)</b>	<b>33,515</b>	<b>-</b>	<b>33,515</b>
<b>Deposit Accounts– FC (Real Persons)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>117,213,856</b>	<b>106,124,985</b>	<b>223,338,841</b>

**5.1.5.5 Installment based commercial loans and corporate credit cards**

<i>Current Period</i>	<b>Short-Term</b>	<b>Medium and Long-Term</b>	<b>Total</b>
<b>Installment-based Commercial Loans – TL</b>	<b>10,733,740</b>	<b>22,953,511</b>	<b>33,687,251</b>
Real Estate Loans	24,411	815,069	839,480
Automobile Loans	2,261,148	14,241,890	16,503,038
General Purpose Loans	8,448,181	7,896,552	16,344,733
Others	-	-	-
<b>Installment-based Commercial Loans - FC-indexed</b>	<b>-</b>	<b>53,546</b>	<b>53,546</b>
Real Estate Loans	-	39,735	39,735
Automobile Loans	-	-	-
General Purpose Loans	-	13,811	13,811
Others	-	-	-
<b>Installment-based Commercial Loans – FC</b>	<b>12,431,664</b>	<b>20,094,580</b>	<b>32,526,244</b>
Real Estate Loans	-	-	-
Automobile Loans	12,140	1,743,486	1,755,626
General Purpose Loans	-	49,299	49,299
Others	12,419,524	18,301,795	30,721,319
<b>Corporate Credit Cards – TL</b>	<b>37,872,721</b>	<b>753,716</b>	<b>38,626,437</b>
With Installment	14,978,023	753,716	15,731,739
Without Installment	22,894,698	-	22,894,698
<b>Corporate Credit Cards – FC</b>	<b>187,691</b>	<b>-</b>	<b>187,691</b>
With Installment	-	-	-
Without Installment	187,691	-	187,691
<b>Deposit Accounts– TL (Corporates)</b>	<b>4,913,518</b>	<b>-</b>	<b>4,913,518</b>
<b>Deposit Accounts– FC (Corporates)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>66,139,334</b>	<b>43,855,353</b>	<b>109,994,687</b>

<i>Prior Period</i>	<b>Short-Term</b>	<b>Medium and Long-Term</b>	<b>Total</b>
<b>Installment-based Commercial Loans – TL</b>	<b>12,561,101</b>	<b>22,141,353</b>	<b>34,702,454</b>
Real Estate Loans	70,442	951,074	1,021,516
Automobile Loans	3,921,391	13,059,913	16,981,304
General Purpose Loans	8,569,268	8,130,366	16,699,634
Others	-	-	-
<b>Installment-based Commercial Loans - FC-indexed</b>	<b>-</b>	<b>58,630</b>	<b>58,630</b>
Real Estate Loans	-	34,596	34,596
Automobile Loans	-	-	-
General Purpose Loans	-	24,034	24,034
Others	-	-	-
<b>Installment-based Commercial Loans – FC</b>	<b>8,081,887</b>	<b>13,215,479</b>	<b>21,297,366</b>
Real Estate Loans	-	-	-
Automobile Loans	3,711	1,162,036	1,165,747
General Purpose Loans	293	58,832	59,125
Others	8,077,883	11,994,611	20,072,494
<b>Corporate Credit Cards – TL</b>	<b>26,835,060</b>	<b>631,801</b>	<b>27,466,861</b>
With Installment	14,729,618	631,801	15,361,419
Without Installment	12,105,442	-	12,105,442
<b>Corporate Credit Cards – FC</b>	<b>102,876</b>	<b>-</b>	<b>102,876</b>
With Installment	-	-	-
Without Installment	102,876	-	102,876
<b>Deposit Accounts– TL (Corporates)</b>	<b>5,346,111</b>	<b>-</b>	<b>5,346,111</b>
<b>Deposit Accounts– FC (Corporates)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>52,927,035</b>	<b>36,047,263</b>	<b>88,974,298</b>

#### 5.1.5.6 Allocation of loans by customers

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

#### 5.1.5.7 Allocation of domestic and foreign loans (\*)

	<i>Current Period</i>	<i>Prior Period</i>
Domestic Loans	900,689,900	680,243,288
Foreign Loans	115,654,790	89,045,847
<b>Total</b>	<b>1,016,344,690</b>	<b>769,289,135</b>

(\*) Non-performing loans are not included.

#### 5.1.5.8 Loans to associates and subsidiaries

	<i>Current Period</i>	<i>Prior Period</i>
Direct Lending	3,602,684	1,273,242
Indirect Lending	-	-
<b>Total</b>	<b>3,602,684</b>	<b>1,273,242</b>

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

	<i>Current Period</i>	<i>Prior Period</i>
Substandard Loans- Limited Collectability	2,111,509	1,624,465
Doubtful Loans	2,134,732	1,289,382
Uncollectible Loans	11,394,460	11,775,155
<b>Total</b>	<b>15,640,701</b>	<b>14,689,002</b>

**5.1.5.10 Non-performing loans (NPLs) (net)**

*Non-performing loans and loans restructured from this category*

	<b>Group III Substandard Loans</b>	<b>Group IV Doubtful Loans</b>	<b>Group V Uncollectible Loans</b>
<b><i>Current Period</i></b>			
(Gross amounts before provisions)	1,539,994	1,052,439	6,098,235
Restructured Loans and Receivables	1,539,994	1,052,439	6,098,235
<b><i>Prior Period</i></b>			
(Gross amounts before provisions)	1,225,984	479,624	7,648,409
Restructured Loans and Receivables	1,225,984	479,624	7,648,409

*Movements in non-performing loan groups*

	<b>Group III Substandard Loans</b>	<b>Group IV Doubtful Loans</b>	<b>Group V Uncollectible Loans</b>
<b><i>Current Period</i></b>			
<b>Balances at End of Prior Period</b>	<b>2,824,648</b>	<b>1,976,525</b>	<b>15,488,631</b>
Additions during the Period (+)	4,396,224	58,547	229,551
Transfer from Other NPL Categories (+)	33,123	3,413,434	1,680,925
Transfer to Other NPL Categories (-)	3,419,877	1,678,633	28,972
Collections during the Period (-)	678,433	437,034	1,831,537
Write down /Write-offs (-)(*)	722	-	1,049,800
Debt Sale (-)(**)	-	-	-
Corporate and Commercial Loans	-	-	-
Retail Loans	-	-	-
Credit Cards	-	-	-
Other (***)	-	-	(51,055)
Foreign Currency Differences	497,673	144,306	716,310
<b>Balances at End of Period</b>	<b>3,652,636</b>	<b>3,477,145</b>	<b>15,154,053</b>
Provisions (-)	2,111,509	2,134,732	11,394,460
<b>Net Balance on Balance Sheet</b>	<b>1,541,127</b>	<b>1,342,413</b>	<b>3,759,593</b>



	<b>Group III</b>	<b>Group IV</b>	<b>Group V</b>
<i>Prior Period</i>	<b>Substandard Loans</b>	<b>Doubtful Loans</b>	<b>Uncollectible Loans</b>
<b>Balances at End of Prior Period</b>	<b>2,228,286</b>	<b>1,489,971</b>	<b>14,626,239</b>
Additions during the Period (+)	5,278,641	47,960	7,787,367
Transfer from Other NPL Categories (+)	221,681	4,044,223	3,086,243
Transfer to Other NPL Categories (-)	4,233,470	2,926,293	192,384
Collections during the Period (-)	1,008,418	674,086	2,552,930
Write down / Write-offs (-) (*) (**)	1,860	5,134	8,248,127
Debt Sale (-) (***)	20,279	45,181	763,606
Corporate and Commercial Loans	-	-	178,814
Retail Loans	20,279	45,181	432,271
Credit Cards	-	-	152,521
Other (****)	-	-	(254,928)
Foreign Currency Differences	360,067	45,065	2,000,757
<b>Balances at End of Period</b>	<b>2,824,648</b>	<b>1,976,525</b>	<b>15,488,631</b>
Provisions (-)	1,624,465	1,289,382	11,775,155
<b>Net Balance on Balance Sheet</b>	<b>1,200,183</b>	<b>687,143</b>	<b>3,713,476</b>

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

(\*\*) As of 30 June 2023, Bank's and consolidated subsidiaries, has also written down "Group V Loan" (Loans Classified as Loss) amounting to TL 13,987,828 (31 December 2022: TL 12,020,470 ). During the period, the non-performing loan ratio of the Group calculated as 2.15% (31 December 2022: 4.03%) by taking into account the written-off loans in accordance with the amendment on the relevant Provisions Regulation instead of 3.45% (31 December 2022: 2.57%). The loan granted to LYY Telekomünikasyon A.Ş. amounting to USD 459,033,539 (TL 7,576,349) has been transferred as non-performing loans and has been written-down at the same time and then has been written-off in the prior period.

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

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

*Non-performing loans in foreign currencies*

	<b>Group III</b>	<b>Group IV</b>	<b>Group V</b>
	<b>Substandard Loans and Receivables</b>	<b>Doubtful Loans and Receivables</b>	<b>Uncollectible Loans and Receivables</b>
<i>Current Period</i>			
<b>Balance at End of Period</b>	<b>1,634,670</b>	<b>1,126,713</b>	<b>9,657,337</b>
Provisions (-)	1,060,149	695,470	7,224,723
<b>Net Balance at Balance Sheet</b>	<b>574,521</b>	<b>431,243</b>	<b>2,432,614</b>
<i>Prior Period</i>			
<b>Balance at End of Period</b>	<b>1,410,735</b>	<b>265,669</b>	<b>10,542,501</b>
Provisions (-)	858,800	236,342	8,003,547
<b>Net Balance at Balance Sheet</b>	<b>551,935</b>	<b>29,327</b>	<b>2,538,954</b>

*Gross and net non-performing loans as per customer categories*

	<b>Group III</b>	<b>Group IV</b>	<b>Group V</b>
	<b>Substandard</b>	<b>Doubtful</b>	<b>Uncollectible</b>
	<b>Loans</b>	<b>Loans</b>	<b>Loans</b>
<b>Current Period (Net)</b>	<b>1,541,127</b>	<b>1,342,413</b>	<b>3,759,593</b>
Loans to Individuals and Corporates (Gross)	3,552,845	3,432,663	15,044,545
Provision (-)	2,069,189	2,113,354	11,302,168
Loans to Individuals and Corporates (Net)	1,483,656	1,319,309	3,742,377
Banks (Gross)	-	-	-
Provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	99,791	44,482	109,508
Provision (-)	42,320	21,378	92,292
Other Loans and Receivables (Net)	57,471	23,104	17,216
<b>Prior Period (Net)</b>	<b>1,200,190</b>	<b>687,143</b>	<b>3,713,469</b>
Loans to Individuals and Corporates (Gross)	2,768,734	1,964,835	15,383,332
Provision (-)	1,599,159	1,280,431	11,684,864
Loans to Individuals and Corporates (Net)	1,169,575	684,404	3,698,468
Banks (Gross)	-	-	-
Provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	55,921	11,690	105,292
Provision (-)	25,306	8,951	90,291
Other Loans and Receivables (Net)	30,615	2,739	15,001

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

	<b>Group III</b>	<b>Group IV</b>	<b>Group V</b>
	<b>Substandard</b>	<b>Doubtful Loans</b>	<b>Uncollectible</b>
	<b>Loans</b>		<b>Loans</b>
<b>Current Period (Net)</b>	<b>77,589</b>	<b>88,538</b>	<b>262,748</b>
Interest accruals and valuation differences	169,950	230,226	977,196
Provision (-)	92,361	141,688	714,448
<b>Prior Period (Net)</b>	<b>55,872</b>	<b>56,266</b>	<b>224,494</b>
Interest accruals and valuation differences	127,784	146,307	876,362
Provision (-)	71,912	90,041	651,868

*Collaterals received for non-performing loans*

<i>Current Period</i>	<b>Corporate/ Commercial Loans</b>	<b>Consumer Loans</b>	<b>Credit Cards</b>	<b>Total</b>
Loans Collateralized by Cash	2,548	204	-	2,752
Loans Collateralized by Mortgages	7,886,891	65,710	-	7,952,601
Loans Collateralized by Pledged Assets	1,531,892	11,209	-	1,543,101
Loans Collateralized by Cheques and Notes	143,091	2,157	-	145,248
Loans Collateralized by Other Collaterals	3,192,851	2,302,422	-	5,495,273
Unsecured Loans	2,500,055	2,709,444	1,935,360	7,144,859
<b>Total</b>	<b>15,257,328</b>	<b>5,091,146</b>	<b>1,935,360</b>	<b>22,283,834</b>

<i>Prior Period</i>	<b>Corporate/ Commercial Loans</b>	<b>Consumer Loans</b>	<b>Credit Cards</b>	<b>Total</b>
Loans Collateralized by Cash	9,658	235	-	9,893
Loans Collateralized by Mortgages	8,389,658	150,782	-	8,540,440
Loans Collateralized by Pledged Assets	1,873,257	20,525	-	1,893,782
Loans Collateralized by Cheques and Notes	114,442	1,195	-	115,637
Loans Collateralized by Other Collaterals	2,628,666	2,896,667	-	5,525,333
Unsecured Loans	2,535,913	507,856	1,160,950	4,204,719
<b>Total</b>	<b>15,551,594</b>	<b>3,577,260</b>	<b>1,160,950</b>	<b>20,289,804</b>

**5.1.5.11 Expected credit loss for loans**

<i>Current Period</i>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
<b>Balances at End of Prior Period</b>	<b>4,490,335</b>	<b>20,906,952</b>	<b>14,689,002</b>	<b>40,086,289</b>
Additions during the Period (+)	4,018,653	8,816,279	1,491,211	14,326,143
Disposal (-)	(5,936,070)	(5,327,568)	(1,710,233)	(12,973,871)
Debt Sale (-)	-	-	-	-
Write-offs (-)	-	-	(1,050,522)	(1,050,522)
Transfer to Stage1	2,758,497	(2,735,642)	(22,855)	-
Transfer to Stage 2	(962,347)	1,038,355	(76,008)	-
Transfer to Stage 3	(12,459)	(1,318,066)	1,330,525	-
Foreign Currency Differences	562,301	6,146,909	989,581	7,698,791
<b>Balances at End of Period</b>	<b>4,918,910</b>	<b>27,527,219</b>	<b>15,640,701</b>	<b>48,086,830</b>

<i>Prior Period</i>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
<b>Balances at End of Prior Period</b>	<b>2,937,910</b>	<b>14,329,200</b>	<b>12,185,034</b>	<b>29,452,144</b>
Additions during the Period (+)	9,913,170	11,434,422	10,806,650	32,154,242
Disposal (-)	(11,443,476)	(5,271,309)	(2,179,547)	(18,894,332)
Debt Sale (-)	-	(76,277)	(762,572)	(838,849)
Write-offs (-)	-	-	(8,255,121)	(8,255,121)
Transfer to Stage1	3,660,263	(3,649,806)	(10,457)	-
Transfer to Stage 2	(1,024,508)	1,121,382	(96,874)	-
Transfer to Stage 3	(18,367)	(1,286,569)	1,304,936	-
Foreign Currency Differences	465,343	4,305,909	1,696,953	6,468,205
<b>Balances at End of Period</b>	<b>4,490,335</b>	<b>20,906,952</b>	<b>14,689,002</b>	<b>40,086,289</b>

#### **5.1.5.12 Liquidation policy for uncollectible loans**

Loans and other receivables Classified as Loss are collected through legal follow-up and conversion of collaterals into cash.

#### **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 (\*)**

	<i>Current Period</i>		<i>Prior Period</i>	
	<b>Gross</b>	<b>Net</b>	<b>Gross</b>	<b>Net</b>
Less than 1 Year	12,708,166	10,482,792	8,073,335	6,810,218
Between 1-5 Years	16,593,380	15,024,134	11,731,327	10,613,736
Longer than 5 Years	310,245	294,738	326,227	312,161
<b>Total</b>	<b>29,611,791</b>	<b>25,801,664</b>	<b>20,130,889</b>	<b>17,736,115</b>

(\*) Non-performing loans are not included.

#### **5.1.6.2 Net financial lease receivables (\*)**

	<i>Current Period</i>	<i>Prior Period</i>
Gross Financial Lease Receivables	29,611,791	20,130,889
Unearned Income on Financial Lease Receivables (-)	(3,810,127)	(2,394,774)
Terminated Lease Contracts (-)	-	-
<b>Net Financial Lease Receivables</b>	<b>25,801,664</b>	<b>17,736,115</b>

(\*) 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.

### 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

	<i>Current Period</i>		<i>Prior Period</i>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Collateralised/Blocked Investments	86,497,459	26,139,272	52,040,944	19,264,769
Investments subject to Repurchase Agreements	12,721	31,381,717	42,589	16,293,681
<b>Total</b>	<b>86,510,180</b>	<b>57,520,989</b>	<b>52,083,533</b>	<b>35,558,450</b>

#### 5.1.8.2 Government securities measured at amortised cost

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

#### 5.1.8.3 Financial assets measured at amortised cost

	<i>Current Period</i>	<i>Prior Period</i>
<b>Debt Securities</b>	<b>146,222,323</b>	<b>90,619,870</b>
Quoted at Stock Exchange	145,766,398	90,320,793
Unquoted at Stock Exchange	455,925	299,077
<b>Valuation Increase / (Decrease)</b>	<b>21,013,457</b>	<b>19,399,986</b>
<b>Total</b>	<b>167,235,780</b>	<b>110,019,856</b>

#### 5.1.8.4 Movement of financial assets measured at amortised cost

	<i>Current Period</i>	<i>Prior Period</i>
<b>Balances at Beginning of Period</b>	<b>110,019,856</b>	<b>40,167,047</b>
Foreign Currency Differences on Monetary Assets	19,057,426	12,482,328
Purchases during the Period	49,160,554	51,352,248
Disposals through Sales/Redemptions	(12,615,527)	(5,655,451)
Valuation Effect	1,613,471	11,673,684
<b>Balances at End of Period</b>	<b>167,235,780</b>	<b>110,019,856</b>

**5.1.8.5 Expected credit loss for financial assets measured at amortised cost**

<i>Current Period</i>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
<b>Balances at End of Prior Period</b>	<b>466,516</b>	-	-	<b>466,516</b>
Additions during the Period (+)	288,287	-	-	288,287
Disposal (-)	(55,509)	-	-	(55,509)
Transfer to Stage1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Foreign Currency Differences	77,008	-	-	77,008
<b>Balances at End of Period</b>	<b>776,302</b>	-	-	<b>776,302</b>

<i>Prior Period</i>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
<b>Balances at End of Prior Period</b>	<b>47,183</b>	-	-	<b>47,183</b>
Additions during the Period (+)	418,315	-	-	418,315
Disposal (-)	(30,097)	-	-	(30,097)
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Foreign Currency Differences	31,115	-	-	31,115
<b>Balances at End of Period</b>	<b>466,516</b>	-	-	<b>466,516</b>

**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**

	<i>Current Period</i>	<i>Prior Period</i>
<b>End of Prior Period</b>		
<b>Cost</b>	<b>782,707</b>	<b>596,163</b>
<b>Accumulated Depreciation (-)</b>	<b>(2,289)</b>	<b>(10,215)</b>
<b>Net Book Value</b>	<b>780,418</b>	<b>585,948</b>
<b>End of Current Period</b>		
Additions	118,290	565,733
Disposals (Cost)	(90,970)	(391,709)
Disposals (Accumulated Depreciation)	69	8,038
Reversal of Impairment / Impairment Losses	808	8,991
Depreciation Expense for Current Period (-)	-	(112)
Currency Translation Differences on Foreign Operations	2,164	3,529
<b>Cost</b>	<b>812,999</b>	<b>782,707</b>
<b>Accumulated Depreciation (-)</b>	<b>(2,220)</b>	<b>(2,289)</b>
<b>Net Book Value</b>	<b>810,779</b>	<b>780,418</b>

**5.1.9.2 Investments in subsidiaries and associates to be disposed**

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

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

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

**5.1.10 Investments in associates**

**5.1.10.1 Unconsolidated investments in associates**

	<b>Associates</b>	<b>Address (City/ Country)</b>	<b>Parent Bank's Share – If Different, Voting Rights (%)</b>	<b>Bank Risk Group's Share (%)</b>
1	Emeklilik Gözetim Merkezi AŞ <sup>(1)</sup>	İstanbul/Turkey	-	6.25
2	Bankalararası Kart Merkezi AŞ <sup>(1)</sup>	İstanbul/Turkey	4.98	4.98
3	Yatırım Finansman Menkul Değerler AŞ <sup>(1)</sup>	İstanbul/Turkey	0.77	0.77
4	İstanbul Takas ve Saklama Bankası AŞ <sup>(1)</sup>	İstanbul/Turkey	4.95	4.97
5	Borsa İstanbul AŞ <sup>(2)</sup>	İstanbul/Turkey	0.30	0.34
6	Kredi Kayıt Bürosu AŞ ("KKB") <sup>(1)</sup>	İstanbul/Turkey	9.09	9.09
7	Türkiye Cumhuriyet Merkez Bankası AŞ <sup>(1)</sup>	Ankara/ Turkey	2.48	2.48
8	Kredi Garanti Fonu AŞ <sup>(2)</sup>	Ankara/ Turkey	1.49	1.49
9	JCR Avrasya Derecelendirme AŞ	İstanbul/Turkey	2.86	2.86
10	Birleşik İpotek Finansmanı AŞ <sup>(1)</sup>	İstanbul/Turkey	8.33	8.33
11	İhracatı Geliştirme A.Ş. (İGE) <sup>(1)</sup>	İstanbul/Turkey	2.18	2.18

	Total Assets	Shareholders' Equity	Total Fixed Assets (*)	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value
1	83,013	50,961	1,654	940	4	4,576	1,982	-
2	2,068,572	1,640,651	151,005	61,552	-	955,578	53,059	-
3	2,889,578	387,866	59,983	37,224	457	43,055	22,085	-
4	87,190,263	4,602,160	210,942	605,915	47,944	91,335	282,254	-
5	91,710,707	9,454,794	837,195	552,580	0	3,583,577	1,754,959	-
6	2,068,572	1,640,651	151,005	61,552	301	955,578	53,059	-
7	3,575,062,693	84,895,025	1,148,976	135,246,966	31,372,141	72,029,068	57,483,159	-
8	2,778,086	1,399,720	32,668	42,591	-	108,050	91,739	-
9	207,846	172,095	18,461	8,902	114	11,843	12,655	-
10	85,418	79,062	2,790	3,468	3,525	8,092	4,570	-
11	5,406,427	5,389,007	21,171	319,338	-	268,561	-	-

(1) Financial information is as of 31 March 2023.

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

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

*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.



### 5.1.11 Investments in subsidiaries (net)

*Information on capital adequacy of major subsidiaries*

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

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

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 Kültür AŞ	Istanbul/Turkey	100.00	100.00
2	Garanti Konut Finansmanı Danışmanlık Hiz. AŞ	Istanbul/Turkey	100.00	100.00
3	Trifoi Real Estate Company	Bucharest/Romania	-	100.00
4	Motoractive Multi Services SRL	Bucharest/Romania	-	100.00
5	Garanti Filo Yönetim Hizmetleri AŞ	Istanbul/Turkey	-	100.00
6	Garanti Filo Sigorta Aracılık Hizmetleri AŞ	Istanbul/Turkey	-	100.00
7	Garanti Ödeme ve Elektronik Para Hizmetleri A.Ş.	İstanbul/Türkiye	50.00	100.00
8	Garanti BBVA Finansal Teknoloji A.Ş.	İstanbul/Türkiye	100.00	100.00
9	Garanti BBVA Dijital Varlıklar A.Ş.	İstanbul/Türkiye	-	100.00

The financial information presented in the below table is as of 30 June 2023.

	Total Assets	Shareholders' Equity	Total Fixed Assets (*)	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value	Amount of Equity Requirement
1	6,377	1,747	592	-	-	67	54	-	-
2	9,296	5,718	-	278	-	(622)	(248)	-	-
3	33,530	27,553	33,519	-	-	-	(7)	-	-
4	214,939	110,795	189,067	319	-	6,757	6,390	-	-
5	11,138,570	2,808,879	9,458,608	15,846	-	881,379	484,616	-	-
6	13,816	12,013	-	1,674	-	4,200	885	-	-
7	181,889	173,815	77,242	8,026	-	(2,260)	-	-	-
8	79	79	-	-	-	(21)	-	-	-
9	1,935	27	-	-	-	(23)	-	-	-

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

*Unconsolidated subsidiaries sold during the current period*

None.

*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"

**5.1.11.2 Movement of consolidated investments in subsidiaries**

	<i>Current Period</i>	<i>Prior Period</i>
<b>Balances at Beginning of Period</b>	<b>28,945,277</b>	<b>19,862,618</b>
<b>Movements during the Period</b>	<b>13,702,327</b>	<b>9,082,659</b>
Acquisitions (**)	42,500	50,000
Bonus Shares Received	216,672	-
Dividends from Current Year Profit	5,558,550	5,335,746
Sales/Liquidations	-	-
Reclassifications	-	-
Value Increase/Decrease (*)	(1,090,070)	(1,298,382)
Currency Differences on Foreign Subsidiaries	8,974,675	4,995,295
Reversal of Impairment Losses / Impairment Losses (-)	-	-
<b>Balances at End of Period</b>	<b>42,647,604</b>	<b>28,945,277</b>
<b>Capital Commitments</b>	-	-
<b>Share Percentage at the End of Period (%)</b>	-	-

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

*Valuation methods of consolidated investments in subsidiaries*

	<i>Current Period</i>	<i>Prior Period</i>
Valued at Cost	-	-
Valued at Fair Value (*)	42,647,604	28,945,277

(\*) 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*

	<i>Current Period</i>	<i>Prior Period</i>
Banks	19,750,065	12,949,862
Insurance Companies	1,900,203	1,736,718
Factoring Companies	946,137	566,300
Leasing Companies	4,916,812	3,769,188
Finance Companies	-	-
Other Subsidiaries	15,134,387	9,923,209

*Quoted consolidated investments in subsidiaries*

	<i>Current Period</i>	<i>Prior Period</i>
Quoted at Domestic Stock Exchanges	953,611	571,718
Quoted at International Stock Exchanges	-	-

*Other information on consolidated investments in subsidiaries*

	<b>Subsidiaries</b>	<b>Address (City/ Country)</b>	<b>Parent Bank's Share – If Different, Voting Rights (%)</b>	<b>Shares of Other Consolidated Subsidiaries (%)</b>	<b>Method of Consolidation</b>
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 2023.

	<b>Total Assets</b>	<b>Shareholders' Equity</b>	<b>Total Fixed Assets (**)</b>	<b>Interest Income</b>	<b>Income on Securities Portfolio</b>	<b>Current Period Profit/Loss</b>	<b>Prior Period Profit/Loss</b>	<b>Company's Fair Value</b>
1	24,335,832	4,929,819	38,689	1,440,324	-	1,408,218	730,542	-
2	13,225,966	1,155,839	24,307	1,311,975	-	481,039	135,249	-
3	11,003,789	3,528,568	75,149	921,649	-	1,299,635	488,601	-
4	540,174	478,256	2,867	51,252	-	159,597	59,337	-
5	6,317,102	2,235,735	71,929	384,837	201,677	845,161	428,716	-
6	152,049,597	19,795,501	967,453	2,613,653	26,535	1,113,968	297,481	-
7	11,053,556	11,051,789	-	-	-	(1,418)	(676)	-
8	9,106,244	9,101,920	-	-	-	(2,722)	(1,437)	-
9	82,005,906	10,796,331	1,950,012	1,431,739	277,683	513,763	318,374	-
10	5,557,260	1,154,199	41,284	183,550	-	51,330	27,286	-
11	3,768,151	376,237	70,727	139,795	-	(78,957)	(6,796)	-
12	63,322	60,501	393	340	577	11,175	7,094	207,040
13	293,767	195,827	350	8,098	-	42,875	23,492	-

(\*) 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.

**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**

	<i>Current Period</i>	<i>Prior Period</i>
<b>Net Book Value at Beginning of Period</b>	<b>926,800</b>	<b>652,633</b>
Additions	87	7,471
Disposals	-	(70,662)
Transfers	-	(740,645)
Fair Value Change	477,265	1,078,003
Net Currency Translation Differences on Foreign Subsidiaries	-	-
<b>Net Book Value at End of Period</b>	<b>1,404,152</b>	<b>926,800</b>

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 2023, on a consolidated basis the Bank has a deferred tax asset of TL 15,229,879 (31 December 2022: TL 7,105,391) 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 2023, deferred tax assets of TL 18,386,167 (31 December 2022: TL 11,402,123) 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 3,156,294 (31 December 2022: TL 4,296,732).

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.

	<i>Current Period</i>		<i>Prior Period</i>	
	<b>Tax Base</b>	<b>Deferred Tax Amount</b>	<b>Tax Base</b>	<b>Deferred Tax Amount</b>
Provisions (*)	4,541,466	1,133,043	4,629,242	1,146,554
Stages 1&2 Credit Losses	38,821,442	9,384,378	29,689,852	7,173,568
Differences between the Carrying Values and Taxable Values of Financial Assets (**)	4,164,920	1,136,557	(1,900,909)	(366,711)
Revaluation Differences on Real Estates (***)	4,602,906	2,155,789	(7,453,148)	(1,155,583)
Differences Between Book Value and Tax Value of Fixed Assets (***)	4,197,129	1,049,282	(213,119)	(53,280)
Other	1,516,282	370,824	1,405,627	360,843
<b>Deferred Tax Asset</b>	<b>57,844,145</b>	<b>15,229,873</b>	<b>26,157,545</b>	<b>7,105,391</b>

(\*) Consists of reserve for employee benefits, provision for promotion expenses of credit cards and other provisions.

(\*\*) Calculations are performed at the relevant tax rates applicable in the country of the foreign branches and subsidiaries' financial assets.

(\*\*\*) Includes the revaluation of immovable and depreciable economic assets within the scope of the provisions of Provisional Article 32 and Repeated Article 298/ç of the Tax Procedure Law.

#### 5.1.17 Other Assets

	<i>Current Period</i>		<i>Prior Period</i>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Derivative Assets (Derivative Guarantees)	476,154	3,358,017	355,861	2,620,765
Receivables From Clearing Transactions	12,484,801	150,117	14,572,861	164,132
Prepaid Expenses (*)	20,451,121	219,222	18,924,354	100,637
Cash Guarantees Given	636,652	327,849	1,000,779	351,954
Receivables From Forward Sale of Assets	25,137	-	65,137	-
Other (**)	91,813,077	2,246,053	3,756,427	1,230,564
<b>Total</b>	<b>125,886,942</b>	<b>6,301,258</b>	<b>38,675,419</b>	<b>4,468,052</b>

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

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

## 5.2 Consolidated liabilities

### 5.2.1 Maturity profile of deposits

<i>Current Period</i>	<b>Demand</b>	<b>7 Days Notice</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-6 Months</b>	<b>6-12 Months</b>	<b>1 Year and Over</b>	<b>Accumulating Deposit Accounts</b>	<b>Total</b>
<b>Saving Deposits</b>	77,985,009	-	77,552,960	233,935,129	56,245,584	7,851,090	56,790,170	719	510,360,661
<b>Foreign Currency Deposits</b>	369,522,764	-	49,211,427	86,169,103	20,452,380	25,970,280	23,138,960	55,392	574,520,306
Residents in Turkey	297,484,946	-	20,075,146	54,852,108	6,645,264	1,947,483	2,423,322	54,928	383,483,197
Residents in Abroad	72,037,818	-	29,136,281	31,316,995	13,807,116	24,022,797	20,715,638	464	191,037,109
<b>Public Sector Deposits</b>	1,152,031	-	14,421	42,053	707	10	-	-	1,209,222
<b>Commercial Deposits</b>	56,288,069	-	60,891,183	83,638,136	17,359,301	4,273,222	13,369,665	-	235,819,576
<b>Others</b>	1,516,871	-	646,210	6,300,490	2,861,268	851,287	420,272	-	12,596,398
<b>Precious Metal Deposits</b>	60,997,375	-	-	422,445	289,944	39,138	714,946	-	62,463,848
<b>Bank Deposits(*)</b>	2,729,455	-	431,535	484,943	3,945	-	159,509	-	3,809,387
Central Bank of Turkey	567,708	-	-	-	-	-	-	-	567,708
Domestic Banks	150,235	-	9,203	-	-	-	-	-	159,438
Foreign Banks	1,989,131	-	422,332	484,943	3,945	-	159,509	-	3,059,860
Special Financial Institutions	22,381	-	-	-	-	-	-	-	22,381
Others	-	-	-	-	-	-	-	-	-
<b>Total(**)</b>	570,191,574	-	188,747,736	410,992,299	97,213,129	38,985,027	94,593,522	56,111	1,400,779,398

<i>Prior Period</i>	<b>Demand</b>	<b>7 Days Notice</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-6 Months</b>	<b>6-12 Months</b>	<b>1 Year and Over</b>	<b>Accumulating Deposit Accounts</b>	<b>Total</b>
<b>Saving Deposits</b>	58,794,730	-	9,395,834	177,231,319	6,114,011	3,510,353	16,198,229	686	271,245,162
<b>Foreign Currency Deposits</b>	275,382,023	-	35,381,212	81,574,757	13,671,756	17,805,081	15,042,688	43,513	438,901,030
Residents in Turkey	219,165,200	-	21,315,290	63,310,873	5,315,819	3,728,622	2,640,308	42,784	315,518,896
Residents in Abroad	56,216,823	-	14,065,922	18,263,884	8,355,937	14,076,459	12,402,380	729	123,382,134
<b>Public Sector Deposits</b>	3,155,441	-	14,677	22,606	814	9	-	-	3,193,547
<b>Commercial Deposits</b>	50,399,426	-	41,195,921	35,363,642	2,170,320	6,744,576	5,165,713	-	141,039,598
<b>Others</b>	905,434	-	730,655	2,489,086	2,311,118	744,246	1,420,901	-	8,601,440
<b>Precious Metal Deposits</b>	42,187,783	-	-	732,265	268,913	81,233	659,280	-	43,929,474
<b>Bank Deposits(*)</b>	913,859	-	799,301	13,962	-	-	102,086	-	1,829,208
Central Bank of Turkey	3,410	-	-	-	-	-	-	-	3,410
Domestic Banks	20,836	-	517,038	-	-	-	-	-	537,874
Foreign Banks	873,118	-	282,263	13,962	-	-	102,086	-	1,271,429
Special Financial Institutions	16,495	-	-	-	-	-	-	-	16,495
Others	-	-	-	-	-	-	-	-	-
<b>Total(**)</b>	431,738,696	-	87,517,600	297,427,637	24,536,932	28,885,498	38,588,897	44,199	908,739,459

(\*) Includes Interbank precious metal accounts.

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



### 5.2.1.1 *Saving deposits insured by Saving Deposit Insurance Fund*

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

Saving Deposits	Covered by Deposit Insurance Over Deposit Insurance Limit(*)		Over Deposit Insurance Limit	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	140,282,164	86,399,007	296,845,349	182,675,592
Foreign Currency Saving Deposits	164,912,351	98,923,923	200,512,743	175,471,602
Other Saving Deposits	33,304,215	18,354,267	26,970,485	24,026,437
Foreign Branches' Deposits Under Foreign Insurance Coverage	2,082,285	1,472,283	2,359,152	1,759,315
Off-Shore Branches' Deposits Under Foreign Insurance Coverage	-	-	-	-

Commercial Deposits (**)	Covered by Deposit Insurance Over Deposit Insurance Limit(*)		Over Deposit Insurance Limit	
	Current Period	Prior Period	Current Period	Prior Period
Commercial Deposits	27,438,890	18,562,770	211,679,163	129,017,685
Foreign Currency Commercial Deposits	17,644,310	10,317,394	216,362,083	171,532,282
Other Commercial Deposits	148,414	76,244	1,926,641	1,382,546
Foreign Branches' Deposits Under Foreign Insurance Coverage	-	-	-	-
Off-Shore Branches' Deposits Under Foreign Insurance Coverage	-	-	-	-

(\*) The amount of deposits subject to insurance is TL 400 for the current period (Previous period is TL 200).

(\*\*) With the regulation published in the Official Gazette dated 27 August 2022 and numbered 31936, commercial deposits were included in the scope of insurance.

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

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

### 5.2.1.3 *Deposits not covered by insurance limits*

Saving Deposits	Current Period	Prior Period
Deposits and Other Accounts held at Foreign Branches	1,739,993	1,048,098
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	505,483	5,527,069
Deposits and Other Accounts held as Assets subject to the Crime defined in the Article 282 of the Turkish Criminal Code No. 5237 dated 26 September 2004	-	-
Deposits at Depository Banks established for Off-Shore Banking Activities in Turkey	-	-

Commercial Deposits	Current Period	Prior Period
Deposits and Other Accounts held at Foreign Branches	9,203,552	6,975,598
Deposits and Other Accounts held by Main Shareholder with Qualified Shareholders and Corporates Under Their Control	9,135,867	3,308,311
Official Institutions Deposits and Other Accounts	57,473,848	3,271,941
Credit and Financial Institutions Deposits	5,387,934	37,589,841

## 5.2.2 Funds borrowed

Information on funds borrowed is as follows;

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	-	-
Domestic Banks and Institutions	4,327,647	1,131,609	5,920,614	1,527,063
Foreign Banks, Institutions and Funds	-	48,211,615	38,731	38,370,315
<b>Total</b>	<b>4,327,647</b>	<b>49,343,224</b>	<b>5,959,345</b>	<b>39,897,378</b>

### 5.2.2.1 Maturities of funds borrowed

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Short-Term	2,214,691	5,649,559	3,528,280	3,641,334
Medium and Long-Term	2,112,956	43,693,665	2,431,065	36,256,044
<b>Total</b>	<b>4,327,647</b>	<b>49,343,224</b>	<b>5,959,345</b>	<b>39,897,378</b>

### 5.2.2.2 Disclosures for concentration areas of bank's liabilities

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

## 5.2.3 Money market funds

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

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
<b>Domestic Transactions</b>	<b>242,903</b>	<b>36,018,613</b>	<b>119,365</b>	<b>14,873,679</b>
Financial Institutions and Organizations	111,563	35,228,795	-	10,278,030
Other Institutions and Organizations	13,654	789,818	50,401	3,121,198
Individuals	117,686	-	68,964	1,474,451
<b>Foreign Transactions</b>	<b>12</b>	<b>5,199,070</b>	<b>357</b>	<b>7,618,017</b>
Financial Institutions and Organizations	-	5,199,070	-	7,618,017
Other Institutions and Organizations	-	-	235	-
Individuals	12	-	122	-
<b>Total</b>	<b>242,915</b>	<b>41,217,683</b>	<b>119,722</b>	<b>22,491,696</b>

## 5.2.4 Securities issued

<i>Current Period</i>	TL		FC	
	Short-Term	Medium and Long-Term	Short-Term	Medium and Long-Term
Nominal	69,999	990,320	848,275	8,785,930
Cost	74,001	990,320	848,275	8,769,816
Carrying Value (*)	74,001	151,671	864,459	8,973,724

<i>Prior Period</i>	<b>TL</b>		<b>FC</b>	
	<b>Short-Term</b>	<b>Medium and Long-Term</b>	<b>Short-Term</b>	<b>Medium and Long-Term</b>
Nominal	503,139	1,632,025	979,852	16,066,160
Cost	474,560	1,421,968	979,852	16,054,761
Carrying Value (*)	494,963	689,508	990,538	15,433,180

(\*) The Bank and/or its financial subsidiaries repurchased the Bank's own TL securities with a total face value of TL 1,045,320 (31 December 2022: TL 1,346,780 and USD 50,335,000) 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

	<i>Current Period</i>		<i>Prior Period</i>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Securities Issued	-	40,734,597	-	32,020,818
<b>Total</b>	<b>-</b>	<b>40,734,597</b>	<b>-</b>	<b>32,020,818</b>

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

As of 30 June 2023, the accumulated fair value change of the related financial liability amounted to TL 4,307,907 (31 December 2022: TL 1,919,509) and the corresponding gain/loss recognised in the statement of profit/loss amounted to TL 2,388,398 (30 June 2022: TL 3,801,792). The carrying value of the related financial liability amounted to TL 40,734,597 (31 December 2022: TL 32,020,818).

## 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;

	<i>Current Period</i>		<i>Prior Period</i>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Forward Transaction	3,951,824	63,065	451,058	15,650
Swap Transactions	4,249,472	8,647,084	4,158,675	5,387,221
Futures	-	-	-	-
Options	275,032	3,843,442	344,980	557,804
Others	-	1,610	-	366
<b>Total</b>	<b>8,476,328</b>	<b>12,555,201</b>	<b>4,954,713</b>	<b>5,961,041</b>

### 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;

<b>Derivative Financial Liabilities Held for Hedging Purpose</b>	<i>Current Period</i>		<i>Prior Period</i>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Fair Value Hedges	7,739	34,519	-	-
Cash Flow Hedges	37,941	53,853	29,731	6,875
Net Foreign Investment Hedges	-	-	-	-
<b>Total</b>	<b>45,680</b>	<b>88,372</b>	<b>29,731</b>	<b>6,875</b>

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

	<i>Current Period</i>		<i>Prior Period</i>	
	<b>Gross</b>	<b>Net</b>	<b>Gross</b>	<b>Net</b>
Less than 1 Year	784,280	594,992	570,670	426,463
Between 1-5 Years	1,452,235	1,081,683	1,082,587	795,549
Longer than 5 Years	397,115	281,557	343,377	237,238
<b>Total</b>	<b>2,633,630</b>	<b>1,958,232</b>	<b>1,996,634</b>	<b>1,459,250</b>

As of 30 June 2023, 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 20.8%, 1.7%, 3.2% and 6.5% (31 December 2022: 20.3%, 1.8%, 3.8% and 5.1%) respectively.

## 5.2.9 Provisions

### 5.2.9.1 Reserve for employee severance indemnity

	<i>Current Period</i>	<i>Prior Period</i>
<b>Balances at Beginning of Period</b>	<b>2,044,320</b>	<b>948,873</b>
Provision for the Period	433,280	313,907
Actuarial Gain/Loss	276,795	902,540
Payments During the Period	(1,104,397)	(121,000)
<b>Balances at End of Period</b>	<b>1,649,998</b>	<b>2,044,320</b>

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

None (31 December 2022: 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

	<i>Current Period</i>	<i>Prior Period</i>
Reserve for Employee Benefits	3,404,371	3,753,228
Insurance Technical Provisions, Net	3,148,170	2,270,524
Provision for Promotion Expenses of Credit Cards	751,401	539,822
Provision for Lawsuits	527,379	564,017
Provision for Non-Cash Loans	7,973,901	5,795,082
Other Provisions <sup>(*)</sup>	6,446,762	8,553,728
<b>Total</b>	<b>22,251,984</b>	<b>21,476,401</b>

<sup>(\*)</sup> Includes total general reserve of total TL 6,000,000 (Prior period: TL 8,000,000)

*Recognized Liability for Defined Benefit Plan Obligations*

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

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

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

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

	<i>Current Period</i>	<i>Prior Period</i>
<b>Balance at Beginning of Period</b>	-	-
Actual contributions paid during the period	(248,124)	(445,647)
Total expense recognized in the income statement	574,316	116,594
Amount recognized in the shareholders’ equity	(326,192)	329,053
<b>Balance at End of Period</b>	-	-

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

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

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

The sensitivity analysis of defined benefit obligation of excess liabilities and retirement indemnities of the Bank are as follows:

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

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

## 5.2.10 Tax liability

### 5.2.10.1 Current tax liability

#### 5.2.10.1.1 Tax liability

As of 30 June 2023, the corporate tax liability amounts to TL 5,362,602 (31 December 2022 : TL 6,759,609) after offsetting with prepaid taxes. If the differences arising between the book value and the tax base value of the assets subject to the current tax liability are related to the shareholders' equity account group, the current tax asset or liability is netted off by the relevant accounts in this group.

As of 30 June 2023, TL 9,758,035 of total current period tax expense amounting to TL 10,995,898 (30 June 2022: TL 7,593,236) has been classified in the statement of profit or loss and TL 1,237,863 (31 December 2022: TL 2,969,029) has been classified in equity.

#### 5.2.10.1.2 Taxes payable

	Current Period	Prior Period
Corporate Taxes Payable	5,362,602	6,759,609
Taxation on Securities Income	421,234	136,594
Taxation on Real Estates Income	10,314	7,199
Banking Insurance Transaction Tax	848,680	641,445
Foreign Exchange Transaction Tax	38,717	52,022
Value Added Tax Payable	224,067	120,569
Others	358,720	267,212
<b>Total</b>	<b>7,264,334</b>	<b>7,984,650</b>

### 5.2.10.1.3 Premiums payable

	<i>Current Period</i>	<i>Prior Period</i>
Social Security Premiums-Employees	30,199	26,692
Social Security Premiums-Employer	28,630	18,050
Bank Pension Fund Premium-Employees	199	732
Bank Pension Fund Premium-Employer	266	1,160
Pension Fund Membership Fees and Provisions-Employees	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Unemployment Insurance-Employees	6,679	5,899
Unemployment Insurance-Employer	15,018	13,018
Others	708	126
<b>Total</b>	<b>81,699</b>	<b>65,677</b>

### 5.2.10.2 Deferred tax liability

As of 30 June 2023, the deferred tax liability amounts to TL 127,416 (31 December 2022: TL 197,828).

### 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

	<i>Current Period</i>		<i>Prior Period</i>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Payables from credit card transactions	41,358,552	820,652	37,106,273	339,001
Payables from clearing transactions	7,134,191	5,324	10,954,242	146,936
Other	6,121,958	21,824,286	4,020,483	11,981,135
<b>Total</b>	<b>54,614,701</b>	<b>22,650,262</b>	<b>52,080,998</b>	<b>12,467,072</b>

### 5.2.14 Shareholders' equity

#### 5.2.14.1 Paid-in capital

	<i>Current Period</i>	<i>Prior Period</i>
Common shares	4,200,000	4,200,000
Preference shares	-	-

#### 5.2.14.2 Registered share capital system

<b>Capital System</b>	<b>Paid-in Capital</b>	<b>Ceiling per Registered Share Capital</b>
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.

**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;

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
<b>Investments in Associates, Subsidiaries and Joint-Ventures</b>	-	-	-	-
Valuation Difference	-	-	-	-
Exchange Rate Difference	-	-	-	-
<b>Financial Assets Measured at Fair Value through Other Comprehensive Income</b>	<b>6,810,539</b>	<b>(1,423,640)</b>	<b>10,324,176</b>	<b>(1,149,811)</b>
Valuation Difference	6,177,652	(1,423,640)	9,995,275	(1,149,811)
Exchange Rate Difference	632,887	-	328,901	-
<b>Total</b>	<b>6,810,539</b>	<b>(1,423,640)</b>	<b>10,324,176</b>	<b>(1,149,811)</b>

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

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Movables	811,296	167,185	460,912	10,897
Real Estates	11,930,527	266,061	5,217,003	188,141
Defined Benefit Plans' Actuarial Gains/Losses	(1,278,973)	-	(1,315,532)	-
Other	-	-	-	-
<b>Total</b>	<b>11,462,850</b>	<b>433,246</b>	<b>4,362,383</b>	<b>199,038</b>

**5.2.14.10 Bonus shares of associates, subsidiaries and joint-ventures**

	<i>Current Period</i>	<i>Prior Period</i>
Bankalararası Kart Merkezi A.Ş.	5,782	5,782
Yeni Gimat Gayrimenkul Yatırım Ortaklığı A.Ş.	860	860
JCR Avrasya Derecelendirme A.Ş.	828	828
İhracatı Geliştirme A.Ş.	481	481
Kredi Kayıt Bürosu A.Ş.	536	536
Kömür İşletmeleri A.Ş.	295	145
Doğuş Gayrimenkul Yatırım Ortaklığı A.Ş.	22	22
Yatırım Finansman Menkul Değerler A.Ş.	9	9
Dati Yatırım Holding A.Ş.	7	7
<b>Total</b>	<b>8,820</b>	<b>8,670</b>



**5.2.14.11 Legal reserves**

	<b><i>Current Period</i></b>	<b><i>Prior Period</i></b>
I. Legal Reserve	1,623,028	1,432,779
II. Legal Reserve	1,667,568	672,337
Special Reserves	53,482	37,833
<b>Total</b>	<b>3,344,078</b>	<b>2,142,949</b>

**5.2.14.12 Extraordinary and other profit reserves**

	<b><i>Current Period</i></b>	<b><i>Prior Period</i></b>
Legal Reserves allocated in compliance with the Decisions Made on the Annual General Assembly	111,229,739	61,639,835

**5.2.14.13 Minority interest**

	<b><i>Current Period</i></b>	<b><i>Prior Period</i></b>
<b>Balance at Beginning of Period</b>	<b>484,735</b>	<b>319,516</b>
Profit Share of Subsidiaries Net Profits	225,616	224,928
Prior Period Dividend Payment	(98,064)	(60,347)
Increase/(Decrease) in Minority Interest due to Sales	-	-
Others	(761)	638
<b>Balance at End of Period</b>	<b>611,526</b>	<b>484,735</b>

### 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 10,598,715 (31 December 2022: TL 18,318,399), commitments for cheque payments of TL 9,435,047 (31 December 2022: TL 5,515,488) and commitments for credit card limits of TL 293,357,039 (31 December 2022: TL 140,164,003).

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

	Current Period	Prior Period
Letters of Guarantee in Foreign Currency	123,209,312	84,083,930
Letters of Guarantee in TL	149,269,819	103,006,476
Letters of Credit	43,093,474	35,059,723
Bills of Exchange and Acceptances	5,847,633	3,918,563
Endorsements	10,780,328	5,653,771
Other Guarantees	1,497,293	646,094
<b>Total</b>	<b>333,697,859</b>	<b>232,368,557</b>

##### Expected losses for non-cash loans and irrevocable commitments

Current Period	Stage 1	Stage 2	Stage 3	Total
<b>Balances at Beginning of Period</b>	<b>1,092,246</b>	<b>2,927,503</b>	<b>1,775,333</b>	<b>5,795,082</b>
Additions during the Period (+)	1,049,396	2,459,160	52,540	3,561,096
Disposal (-)	(1,467,506)	(1,131,757)	(80,775)	(2,680,038)
Sales	-	-	-	-
Write-off	-	-	-	-
Transfer to Stage 1	685,565	(684,966)	(599)	-
Transfer to Stage 2	(151,588)	240,934	(89,346)	-
Transfer to Stage 3	(200)	(4,018)	4,218	-
Foreign Currency Differences	69,596	638,034	590,131	1,297,761
<b>Balances at End of Period</b>	<b>1,277,509</b>	<b>4,444,890</b>	<b>2,251,502</b>	<b>7,973,901</b>

Prior Period	Stage 1	Stage 2	Stage 3	Total
<b>Balances at Beginning of Period</b>	<b>538,703</b>	<b>1,058,973</b>	<b>1,332,807</b>	<b>2,930,483</b>
Additions during the Period (+)	1,950,849	2,968,625	211,215	5,130,689
Disposal (-)	(1,947,229)	(947,710)	(241,507)	(3,136,446)
Sales	-	-	-	-
Write-off	-	-	-	-
Transfer to Stage 1	676,810	(674,780)	(2,030)	-
Transfer to Stage 2	(220,168)	240,063	(19,895)	-
Transfer to Stage 3	(2,502)	(29,378)	31,880	-
Foreign Currency Differences	95,783	311,710	462,863	870,356
<b>Balances at End of Period</b>	<b>1,092,246</b>	<b>2,927,503</b>	<b>1,775,333</b>	<b>5,795,082</b>

Lifetime expected credit loss (Stage 3) of TL 3,187,098 (31 December 2022: TL 2,513,865) is made for unliquidated non-cash loans of TL 2,251,502 (31 December 2022: TL 1,759,925) recorded under the off-balance sheet items.

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

**5.3.1.3 Non-cash loans**

	<i>Current Period</i>	<i>Prior Period</i>
Non-Cash Loans against Cash Risks	61,117,247	39,122,899
<i>With Original Maturity of 1 Year or Less</i>	8,541,769	6,399,588
<i>With Original Maturity of More Than 1 Year</i>	52,575,478	32,723,311
Other Non-Cash Loans	272,580,612	193,245,658
<b>Total</b>	<b>333,697,859</b>	<b>232,368,557</b>

**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”.

**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 <sup>(\*)</sup>

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Interest Income from Loans</b>				
Short-term loans	25,856,103	4,636,632	13,870,276	1,400,979
Medium and long-term loans	18,932,950	8,977,378	14,492,419	4,801,230
Loans under follow-up	625,862	51,069	380,003	20,834
Interest Received from Resource Utilization Support Fund	-	-	-	-
<b>Total</b>	<b>45,414,915</b>	<b>13,665,079</b>	<b>28,742,698</b>	<b>6,223,043</b>

(\*) 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	-	39,272	-	575
Domestic Banks	245,723	619	66,328	657
Foreign Banks	3,613	1,193,323	2,360	84,604
Foreign Head Offices and Branches	-	-	-	-
<b>Total</b>	<b>249,336</b>	<b>1,233,214</b>	<b>68,688</b>	<b>85,836</b>

#### 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	109,294	43,054	87,606	20,855
Financial Assets Measured at Fair Value through Other Comprehensive Income	6,771,497	683,797	5,060,863	461,862
Financial Assets Measured at Amortised Cost	8,458,933	1,635,959	4,029,212	729,280
<b>Total</b>	<b>15,339,724</b>	<b>2,362,810</b>	<b>9,177,681</b>	<b>1,211,997</b>

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

#### 5.4.1.4 Interest income received from associates and subsidiaries

	Current Period	Prior Period
Interest Received from Investments in Associates and Subsidiaries	224,982	33,775

## 5.4.2 Interest expenses

### 5.4.2.1 Interest expenses on funds borrowed (\*)

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Banks</b>	<b>550,230</b>	<b>799,694</b>	<b>287,283</b>	<b>255,419</b>
Central Bank of Turkey	-	-	-	-
Domestic Banks	494,575	50,164	277,943	98,032
Foreign Banks	55,655	749,530	9,340	157,387
Foreign Head Offices and Branches	-	-	-	-
<b>Other Institutions</b>	<b>-</b>	<b>1,723,048</b>	<b>-</b>	<b>571,716</b>
<b>Total</b>	<b>550,230</b>	<b>2,522,742</b>	<b>287,283</b>	<b>827,135</b>

(\*) 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	10,957	4,101

### 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	
<b>Turkish Lira</b>								
Bank Deposits	1,007	77,805	-	-	-	-	-	78,812
Saving Deposits	45,323	346,661	20,194,921	1,760,761	182,938	2,075,005	-	24,605,609
Public Sector Deposits	-	786	4,019	58	-	-	-	4,863
Commercial Deposits	91,092	3,575,168	6,691,916	493,614	264,294	375,783	-	11,491,867
Others	5,390	45,642	707,157	202,437	54,861	40,667	-	1,056,154
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
<b>Total TL</b>	<b>142,812</b>	<b>4,046,062</b>	<b>27,598,013</b>	<b>2,456,870</b>	<b>502,093</b>	<b>2,491,455</b>	<b>-</b>	<b>37,237,305</b>
<b>Foreign Currency</b>								
Foreign Currency Deposits	190,402	836,041	393,180	367,767	173,811	69,717	98	2,031,016
Bank Deposits	2,371	8,181	7,789	990	-	67	-	19,398
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	980	216	30	5,632	-	6,858
<b>Total FC</b>	<b>192,773</b>	<b>844,222</b>	<b>401,949</b>	<b>368,973</b>	<b>173,841</b>	<b>75,416</b>	<b>98</b>	<b>2,057,272</b>
<b>Grand Total</b>	<b>335,585</b>	<b>4,890,284</b>	<b>27,999,962</b>	<b>2,825,843</b>	<b>675,934</b>	<b>2,566,871</b>	<b>98</b>	<b>39,294,577</b>

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	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	-	-	213	3	5	160	-	381
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

#### 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.

#### 5.4.4 *Trading income/losses (net)*

	<i>Current Period</i>	<i>Prior Period</i>
<b>Income</b>	<b>191,514,022</b>	<b>186,651,466</b>
Trading Account Income	5,097,224	5,347,565
Derivative Financial Instruments	28,719,954	31,188,564
Foreign Exchange Gain	157,696,844	150,115,337
<b>Losses (-)</b>	<b>172,704,154</b>	<b>180,715,718</b>
Trading Account Losses	1,648,134	838,948
Derivative Financial Instruments	34,453,222	50,312,494
Foreign Exchange Losses	136,602,798	129,564,276
<b>Total</b>	<b>18,809,868</b>	<b>5,935,748</b>

TL 2,949,889 (30 June 2022: TL 16,197,829) of foreign exchange gains and TL 11,096,766 (30 June 2022: TL 7,214,278) 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.

	<i>Current Period</i>	<i>Prior Period</i>
<b>Prior Year Reversals</b>	<b>13,027,234</b>	<b>6,405,542</b>
Stage 1	5,565,973	3,320,043
Stage 2	3,306,666	1,588,977
Stage 3	1,739,359	1,290,597
Others (*)	2,415,236	205,925
<b>Income from term sale of assets</b>	<b>51,247</b>	<b>395,751</b>
<b>Others (**)</b>	<b>3,916,435</b>	<b>2,571,768</b>
<b>Total</b>	<b>16,994,916</b>	<b>9,373,061</b>

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

(\*\*) Premium income from insurance business amounting to TL 2,194,416 (30 June 2022: TL 1,155,273) 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

	<i>Current Period</i>	<i>Prior Period</i>
<b>Expected Credit Losses</b>	<b>22,342,116</b>	<b>13,382,139</b>
<i>12-Month ECL (Stage 1)</i>	<i>5,433,769</i>	<i>4,470,162</i>
<i>Significant Increase in Credit Risk (Stage 2)</i>	<i>13,415,432</i>	<i>5,545,410</i>
<i>Impaired Credits (Stage 3)</i>	<i>3,492,915</i>	<i>3,366,567</i>
<b>Other Provisions</b>	<b>51,814</b>	<b>2,189,856</b>
Impairment Losses on Securities	-	85,893
<i>Financial Assets Measured at Fair Value through Profit or Loss</i>	-	85,893
<i>Financial Assets Measured at Fair Value through Other Comprehensive Income</i>	-	-
Impairment Losses on Associates, Subsidiaries and Joint-ventures	-	373
<i>Associates</i>	-	373
<i>Subsidiaries</i>	-	-
<i>Joint-ventures (business partnership)</i>	-	-
Others	51,814	2,103,590
<b>Total</b>	<b>22,393,930</b>	<b>15,571,995</b>

#### 5.4.7 Other operating expenses

	<i>Current Period</i>	<i>Prior Period</i>
Reserve for Employee Termination Benefits	440,040	126,773
Defined Benefit Plan Obligations	-	-
Impairment Losses on Tangible Assets	-	868
Depreciation Expenses of Tangible Assets	460,952	246,236
Impairment Losses on Intangible Assets	-	-
Impairment Losses on Goodwill	-	-
Amortisation Expenses of Intangible Assets	194,597	137,612
Decrease in Value of Equity Accounting Shares	-	-
Impairment Losses on Assets to be Disposed	-	-
Depreciation Expenses of Right-of-use Assets	297,443	194,420
Impairment Losses on Assets Held for Sale and Discontinued Assets	205	818
Other Operating Expenses	10,609,541	4,368,351
<i>Operational Lease related Expenses (*)</i>	175,909	113,457
<i>Repair and maintenance expenses</i>	142,546	78,171
<i>Advertisement expenses</i>	379,988	162,879
<i>Other expenses (**)</i>	9,911,098	4,013,844
Loss on Sale of Assets	110	11,121
Others (***)	3,587,715	1,659,501
<b>Total</b>	<b>15,590,603</b>	<b>6,745,700</b>

(\*) Includes lease related expenses out of the scope of TFRS 16.

(\*\*) Includes the cash donation payment amounting to TL 650,000 made to the Republic of Turkey Ministry of Interior Disaster and Emergency Management Presidency due to the earthquake disaster.

(\*\*\*) Includes Saving Deposits Insurance Fund related expenses of TL 1,181,956 (30 June 2022: TL 580,502) and insurance- business claim losses of TL 1,258,081 (30 June 2022: TL 538,946) 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

As of 30 June 2023, on a consolidated basis, the Bank recorded a current tax expense of TL 10,995,898 (30 June 2022: TL 7,593,236) and a deferred tax income of TL 3,911,214 (30 June 2022: TL 1,477,943).

There is no amount from discontinued operations.

*Deferred tax benefit/charge on timing differences*

<b>Deferred tax (benefit)/charge on timing differences</b>	<i>Current Period</i>	<i>Prior Period</i>
Increase in Tax Deductible Timing Differences (+)	(5,386,832)	(3,796,943)
Decrease in Tax Deductible Timing Differences (-)	1,138,418	1,735,878
Increase in Taxable Timing Differences (-)	1,339,370	2,401,217
Decrease in Taxable Timing Differences (+)	(1,002,170)	(1,818,095)
<b>Total</b>	<b>(3,911,214)</b>	<b>(1,477,943)</b>



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

<b>Deferred tax (benefit)/charge arising on timing differences, tax losses and tax deductions and exemptions</b>	<b>Current Period</b>	<b>Prior Period</b>
(Increase)/Decrease in Tax Deductible Timing Differences (net)	(4,248,414)	(2,061,065)
(Increase)/Decrease in Taxable Timing Differences (net)	337,200	583,122
(Increase)/Decrease in Tax Losses (net)	-	-
(Increase)/Decrease in Tax Deductions and Exemptions (net)	-	-
<b>Total</b>	<b>(3,911,214)</b>	<b>(1,477,943)</b>

#### **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**

	<b>Current Period</b>	<b>Prior Period</b>
Net Profit/(Loss) of Minority Interest	225,616	96,122

#### **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”.

## 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	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Balance at beginning of period	1,404,085	35,317	575,562	2,805,182	47,629	18,802
Balance at end of period	4,184,030	48,428	308,766	4,001,894	105,370	12,614
Interest and Commission Income	226,568	-	15,352	-	3,700	-

##### Prior Period:

Bank's Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Balance at beginning of period	630,311	24,142	880,147	1,817,495	87,503	194,549
Balance at end of period	1,404,085	35,317	575,562	2,805,182	47,629	18,802
Interest and Commission Income	34,833	-	25,213	-	2,556	-

#### 5.7.1.2 Deposits

Bank's Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Balance at beginning of period	242,109	135,477	33,165	31,849	6,531,682	7,101,109
Balance at end of period	595,119	242,109	49,616	33,165	7,434,626	6,531,682
Interest Expenses	10,957	4,101	1,992	33	769,836	557,347

#### 5.7.1.3 Derivative transactions

Bank's Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Transactions at Fair Value Through Profit/(Loss)						
Balance at beginning of period	341,250	50,000	57,431,194	43,176,984	-	-
Balance at end of period	10,594,963	341,250	59,566,346	57,431,194	-	-
Total Profit/(Loss)	148,359	(1,011)	638,362	206,833	-	-
Transactions for Hedging						
Balance at beginning of period	-	-	-	220,100	-	-
Balance at end of period	-	-	-	-	-	-
Total Profit/(Loss)	-	-	-	(1,010)	-	-

## 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 3,790,994 (31 December 2022: TL 1,362,913) compose 0.38% (31 December 2022: 0.18%) of the Bank's total consolidated cash loans and 0.20% (31 December 2022: 0.10%) of the Bank's total consolidated assets. The total loans and similar receivables amounting TL 4,598,166 (31 December 2022: TL 2,027,276) compose 0.24% (31 December 2022: 0.16%) of the Bank's total consolidated assets. The non-cash loans of the risk group amounting TL 4,062,936 (31 December 2022: TL 2,859,301) compose 1.22% (31 December 2022: 1.23%) of the Bank's total consolidated non-cash loans. The deposits of the risk group amounting TL 8,079,361 (31 December 2022: TL 6,806,956) compose 0.58% (31 December 2022: 0.76%) 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 1,266 (30 June 2022: TL 823) was recognized for the real estates rented to the related parties.

Other income of TL 11,797 (30 June 2022: TL 3,956) for the IT services rendered and banking services fee income of TL 17,780 (30 June 2022: TL 3,130) were recognized from the related parties.

Operating expenses of TL 40,424 (30 June 2022: TL 37,656) 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 187,409 as of 30 June 2023 (30 June 2022: TL 111,624).

### 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**

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

With the amendment to the reserve requirement communiqué published in the Official Gazette dated 21 July 2023 and numbered 32255, a reserve requirement ratio of 15% for all maturities was introduced for Foreign Exchange Protected Deposit accounts. The first reserve requirement will be established on 04 August 2023 for the calculation period of 21 July 2023.

## **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 (August 2022)**

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

##### **FITCH RATINGS (February 2023)**

Long-Term FC	B- / Negative Outlook
Short-Term FC	B
Long-Term TL	B / Negative Outlook
Short-Term TL	B
Viability Rating	B
Shareholder Support	b-
National Long Term Rating	AA(tur)
Long Term Senior Unsecured Notes	B-
Short Term Senior Unsecured Notes	B
Subordinated Notes	CCC+

##### **JCR EURASIA RATINGS (September 2022)**

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

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

**MOODY'S (November 2022) (\*)**

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 (July 2022) (\*)**

<b>Foreign Currency</b>	
Long-Term	B-
Short-Term	B
Outlook	Negative
<b>Turkish Lira</b>	
Long-Term	B-
Short-Term	B
Outlook	Negative
<b>National</b>	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 Leasing, a consolidated subsidiary**

**FITCH RATINGS (July 2022) (\*)**

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

(\*) Latest date in risk ratings or outlooks

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

**FITCH RATINGS (December 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

**5.10.1.6 International risk ratings of Garanti Yatırım Menkul Kıymetler A.Ş. , a consolidated subsidiary**

**JCR EURASIA RATINGS (May 2023) (\*)**

Long-Term International FC	BB-
Long-Term International TL	BB-
Short-Term NSR	J1+(tr) (Stable)
Long-Term NSR	AAA (tr) (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 13 April 2023, the distribution of the net profit of the year 2022, was as follows;

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

**5.10.3 Other disclosures**

None.

## **6 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 2023, 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 27 July 2023, is presented before the accompanying consolidated financial statements.

### **6.2 Disclosures and footnotes prepared by independent auditors**

None.



## 7 Interim Activity Report

(Amounts are expressed in Turkish Lira (TL))

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

Türkiye Garanti Bankası A.Ş., announced its financial statements dated 30 June 2023. Based on the consolidated financials, the Bank's **net income** in the first 6 months of the year recorded as TL 33 billion 809 million 740 thousand. **Asset size** realized at TL 1 trillion 891 billion 92 million 777 thousand and the Bank's contribution to the economy through cash and non-cash **loans** was TL 1 trillion 312 billion 612 million 732 thousand. Actively managing the funding base, customer deposits continued to be the main funding source; 74% of assets are funded via deposits. Customer deposit base reached to TL 1 trillion 396 billion 970 million 11 thousand with 54% growth in the first 6 months of the year. Preserving the strong capital stance, Bank's capital adequacy ratio was realized at 15.8%\*. The Bank delivered an **ROAE** (Return on Average Equity) of 38.3%\*\* and an **ROAA** (Return on Average Assets) of 4.2%\*\*.

\*Calculated without the forbearance introduced by BRSA

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

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

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

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

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

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

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

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

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

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

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

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

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

*You may access Garanti BBVA earnings presentations regarding the BRSA consolidated financial results from Garanti BBVA Investor Relations website at [www.garantibbvainvestorrelations.com](http://www.garantibbvainvestorrelations.com)*

### 7.1.1 Selected Figures of Consolidated Financial Statements

<b>Selected Balance Sheet Items</b>	<b>Current Period 30 June 2023</b>	<b>Prior Period 31 Dec 2022</b>	<b>Change Δ %</b>
Total Assets	1.891.092.777	1.303.578.483	45,1%
Loans*	999.487.575	761.104.244	31,3%
- Performing Loans	978.914.873	742.079.674	31,9%
- Non-Performing Loans	20.572.702	19.024.570	8,1%
Customer Deposits	1.396.970.011	906.910.251	54,0%
Shareholders' Equity	188.531.873	153.124.120	23,1%
* Excludes Leasing and Factoring receivables			
<b>Selected P&amp;L Items</b>	<b>Current Period 30 June 2023</b>	<b>Prior Period 30 June 2022</b>	<b>Change Δ %</b>
Net Interest Income	36.775.715	30.980.615	18,7%
Operating Expenses	24.513.877	11.058.136	121,7%
- HR Cost	8.923.274	4.312.436	106,9%
- Other Operating Expenses	15.590.603	6.745.700	131,1%
Net Fees&Commissions	14.274.584	7.087.881	101,4%
Net Income	33.809.740	21.181.023	59,6%

<b>Selected Financial Ratios</b>	<b>Current Period 30 June 2023</b>	<b>Prior Period 31 Dec 2022</b>	<b>Change Δ bps</b>
Performing Loans/Assets	51,8%	56,9%	(516)
Deposits/Assets	73,9%	69,6%	430
Return on Average Equity	38,3%	51,0%	(1264)
Return on Average Assets	4,2%	5,4%	(115)
Non-Performing Loans Ratio	2,1%	2,6%	(42)
Capital Adequacy Ratio*	15,8%	16,8%	(97)
* Calculated without the forbearance introduced by BRSA			

<b>Market Shares*</b>	<b>Current Period 30 June 2023</b>	<b>Prior Period 31 Dec 2022</b>	<b>Change Δ bps</b>
Performing Loans	10,0%	9,9%	11
TL Performing Loans	10,2%	10,4%	(19)
FC Performing Loans	9,5%	8,7%	83
Customer Deposits	11,6%	9,9%	173
TL Customer Deposits	12,9%	9,9%	302
FC Customer Deposits	10,0%	10,0%	2
<i>*Market Shares are calculated per bank-only financials, for fair comparison</i>			
<b>Garanti with Numbers<sup>1</sup></b>	<b>Current Period 30 June 2023</b>	<b>Prior Period 31 Dec 2022</b>	<b>Change Δ %</b>
Branch Network	828	838	(1,2)%
Number of Employees	18.733	18.544	1,0%
ATM	5.387	5.450	(1,2)%
POS*	778.869	777.497	0,2%
Number of Customers	24.003.690	23.035.557	4,2%
Number of Digital Customers**	14.128.195	13.386.156	5,5%
Number of Credit Card Customers 1 Subsidiaries are not included.	9.782.652	9.220.070	6,1%
<i>*Includes shared and virtual POS.</i>			
<i>** Active customers only -- min. 1 login or call per quarter</i>			

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

There is no change during the period.

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

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

## **7.4 Assessment of financial information and risk management**

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

You may find financial information on Garanti BBVA for the most recent five year period in the 2022 Integrated Annual Report that was published on the Public Disclosure Platform, the Bank's website, Garanti BBVA Investor Relations website and at [www.garantibbvainvestorrelations.com/en/integrated-annual-report/](http://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](http://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](http://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 its forward looking statements regarding the expectations for the year 2023. You may access the related presentation that was published on the Public Disclosure Platform, the Bank's website and Garanti BBVA Investor Relations' website at [www.garantibbvainvestorrelations.com](http://www.garantibbvainvestorrelations.com) in [Operating Plan Guidance Presentations](#) section.