

*(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 Nine-Month Period Ended

30 September 2022

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

**EY****Building a better
working world**

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

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

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

Independent Auditors' Report on Review of Consolidated Interim Financial Information

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

Introduction

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

Scope of Review

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

Basis of Qualified Conclusion

As explained in Section Five Part II.9.4, the accompanying consolidated financial statements as at September 30, 2022 include a free at an amount of Thousand TL 8,000,000 out of which Thousand TL 500,000 and Thousand TL 7,500,000 were provided in current and prior years, respectively 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".



**Building a better
working world**

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 September 30, 2022 and of the results of its consolidated operations and its consolidated cash flows for the nine month period then ended in all aspects in accordance with the BRSA Accounting and Financial Reporting Legislation.

Other matter

The consolidated financial statements of the Group as at December 31, 2021 and September 30, 2021 which were prepared in accordance with “BRSA Accounting Financial Reporting Legislation” were audited and reviewed by another audit firm respectively. Audit firm expressed a qualified opinion in their reports issued on February 2, 2022 since the consolidated financial statements which included in their reports include a free provision at an amount of TL 7,500,000 thousands out of which TL 4,650,000 thousands was provided in prior years and TL 2,850,000 thousands provided in 2021 by the Group management as of December 31, 2021. Also Audit firm expressed a qualified conclusion in their reports issued on October 27, 2021 due to the free provision at an amount of TL 6,600,000 thousand of which TL 4,650,000 thousand provided in the prior years and TL 1,950,000 thousand provided in 2021 as of September 30, 2021 for the possible effects of the negative circumstances which may arise from the possible changes in the economy and market conditions

Report on other regulatory requirements arising from legislation

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

Additional paragraph for convenience translation to English

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

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

Damla Harman, SMMM
Partner

October 27, 2022
İstanbul, Türkiye

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

Levent Nispetiye Mah.Aytar Cad.

No:2 Beşiktaş 34340 İstanbul

Telephone: 212 318 18 18

Fax: 212 216 64 22

www.garantibbva.com.tr

investorrelations@garantibbva.com.tr

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

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

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

Subsidiaries

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

Structured Entities

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

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

Süleyman Sözen
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

	Page No:
<u>SECTION ONE</u>	
General Information	
I. History of Parent Bank including its incorporation date, initial legal status, amendments to legal status	1
II. 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	1
III. 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	2
IV. Information on Parent Bank's qualified shareholders	3
V. Summary information on Parent Bank's activities and services	3
VI. 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	3
VII. Current or likely actual or legal barriers to immediate transfer of equity or repayment of debts between parent bank and its subsidiaries	3
<u>SECTION TWO</u>	
Consolidated Financial Statements	
I. Consolidated balance sheet-Assets	4
II. Consolidated balance sheet-Liabilities	5
III. Consolidated off-balance sheet items	6
IV. Consolidated statement of profit or loss	7
V. Consolidated statement of profit or loss and other comprehensive income	8
VI. Consolidated statement of changes in shareholders' equity	9
VII. Consolidated statement of cash flows	10
<u>SECTION THREE</u>	
Accounting Policies	
I. Basis of presentation	11
II. Strategy for use of financial instruments and foreign currency transactions	12
III. Information on consolidated subsidiaries	13
IV. Forwards, options and other derivative transactions	14
V. Interest income and expenses	16
VI. Fees and commissions	17
VII. Financial instruments	17
VIII. Disclosures on impairment of financial instruments	21
IX. Disclosures about netting and derecognition of financial instruments	27
X. Repurchase and resale agreements and securities lending	28
XI. Assets held for sale, assets of discontinued operations and related liabilities	29
XII. Goodwill and other intangible assets	29
XIII. Tangible assets	30
XIV. Leasing activities	31
XV. Provisions and contingent liabilities	32
XVI. Contingent assets	32
XVII. Liabilities for employee benefits	32
XVIII. Insurance technical reserves and technical income and expense	34
XIX. Taxation	35
XX. Funds borrowed	39
XXI. Share and share issuances	39
XXII. Confirmed bills of exchange and acceptances	39
XXIII. Government incentives	39
XXIV. Segment reporting	39
XXV. Profit reserves and profit appropriation	41
XXVI. Earnings per share	42
XXVII. Related parties	42
XXVIII. Cash and cash equivalents	42
XXIX. Other disclosures	42
<u>SECTION FOUR</u>	
Consolidated Financial Position and Results of Operations and Risk Management	
I. Consolidated total capital	45
II. Consolidated credit risk	53
III. Consolidated currency risk	53
IV. Consolidated interest rate risk	55
V. Consolidated position risk of equity securities	58
VI. Liquidity risk management and consolidated liquidity coverage ratio	59
VII. Consolidated leverage ratio	65
VIII. Fair values of financial assets and liabilities	66
IX. Transactions carried out on behalf of customers and items held in trust	66
X. Risk management objectives and policies	66

SECTION FIVE

Disclosures and Footnotes on Consolidated Financial Statements

I.	Consolidated assets	71
II.	Consolidated liabilities	101
III.	Consolidated off-balance sheet items	112
IV.	Consolidated statement of profit or loss	114
V.	Consolidated statement of changes in shareholders' equity	119
VI.	Consolidated statement of cash flows	119
VII.	Related party risks	120
VIII.	Domestic, foreign and off-shore branches or equity investments, and foreign representative offices of Parent Bank	121
IX.	Matters arising subsequent to the balance sheet date	121
X.	Other disclosures on activities	121

SECTION SIX

Limited Review Report

I.	Disclosure on limited review report	125
II.	Disclosures and footnotes prepared by independent auditors	125

SECTION SEVEN

Interim Activity Report

I.	Summary financial information regarding the operating results for the current period, the comments of the chairman of the Board of Directors and the CEO	126
II.	The amendments in the articles of association during the period of 01.01.2022-30.09.2022	129
III.	Announcements regarding important developments during the period of 01.01.2022-30.09.2022	129
IV.	Assessment of financial information and risk management	130
V.	Information regarding management and corporate governance practices	130
VI.	Forward looking statements regarding the expectations	130

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 841 domestic branches, 8 foreign branches and 1 representative offices (31 December 2021: 863 domestic branches, 8 foreign branches and 1 representative offices). The Bank’s head office is located in Istanbul.

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

As of 30 September 2022, group of companies under BBVA that currently owns 85.97% shares of the Bank, is defined as the BBVA Group (“the Group”) and it is the main shareholder.

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

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

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

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

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

BBVA Group

BBVA is operating for more than 160 years, providing variety of wide spread financial and non-financial services to 85.1 million retail and commercial customers.

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

BBVA which is the largest financial institution in Mexico and also the market leader in South America, operates in more than 25 countries with more than 112 thousand employees.

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

Board of Directors Chairman and Members:

Name and Surname	Responsibility	Appointment Date	Education	Experience in Banking and Business Administration
Süleyman Sözen	Chairman	29.05.1997	University	41 years
Jorge Saenz Azcunaga Carranza	Vice Chairman Independent Member and Member of Audit Committee	24.03.2016	University	29 years
Recep Baştuğ	Member and CEO	06.09.2019	University	32 years
Sait Ergun Özen	Member	14.05.2003	University	35 years
Dr. Muammer Cüneyt Sezgin	Member	30.06.2004	PhD	34 years
Jaime Saenz de Tejada Pulido	Member	02.10.2014	University	30 years
Pablo Alfonso Pastor Munoz	Member	31.03.2021	Master	33 years
Rafael Salinas Martinez de Lecea	Member	08.05.2017	Master	31 years
Belkıs Sema Yurdum	Independent Member and Member of Audit Committee	30.04.2013	University	42 years
Avni Aydın Düren	Independent Member and Member of Audit Committee	17.06.2020	Master	31 years
Mevhibe Canan Özsoy	Independent Member	04.04.2019	Master	31 years

CEO and Executive Vice Presidents:

Name and Surname	Responsibility	Appointment Date	Education	Experience in Banking and Business Administration
Recep Baştuğ	CEO	06.09.2019	University	32 years
İlker Kuruöz	EVP-Engineering Services and Data	14.03.2018	Master	30 years
Mahmut Akten	EVP-Corporate, Investment Banking and Global Markets	17.01.2017	Master	23 years
Işıl Akdemir Evlioğlu	EVP- Client Solutions	01.03.2020	Master	19 years
Cemal Onaran	EVP-Commercial Banking	17.01.2017	University	31 years
Tuba Köseoğlu Okçu*	EVP- Talent and Culture	12.09.2022	University	25 years
Aydın Güler	EVP- Finance and Treasury	03.02.2016	University	32 years
Murat Atay	Head of Credit Risk Management	01.01.2021	PhD	28 years
Ceren Acer Kezik	EVP-Retail Banking	06.06.2022	Master	12 years
Murat Çağrı Süzer	EVP-Payment Systems and Partnership	06.06.2022	Master	16 years
Sibel Kaya	EVP- SME Banking	02.02.2021	University	24 years

(*) Didem Başer, who was the Executive Vice President of Talent and Culture, resigned from her position as of 1 October 2022.

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

1.4 Information on Parent Bank's qualified shareholders

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

1.5 Summary information on Parent Bank's activities and services

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

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

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

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

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

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

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

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

None.

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

ASSETS		Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
			CURRENT PERIOD			PRIOR PERIOD		
			30 September 2022			31 December 2021		
			TL	FC	Total	TL	FC	Total
I. FINANCIAL ASSETS (Net)			104,143,090	291,234,230	395,377,320	98,162,520	200,010,644	298,173,164
1.1 Cash and Cash Equivalents	5.1.1		33,763,850	259,069,749	292,833,599	45,329,506	171,468,258	216,797,764
1.1.1 Cash and Balances with Central Bank			29,140,733	120,963,096	150,103,829	13,530,186	110,393,448	123,923,634
1.1.2 Banks			2,181,898	102,644,046	104,825,944	1,350,620	57,852,923	59,203,543
1.1.3 Money Market Placements			2,560,944	35,867,157	38,428,101	30,560,571	3,347,068	33,907,639
1.1.4 Expected Credit Losses (-)			119,725	404,550	524,275	111,871	125,181	237,052
1.2 Financial Assets Measured at Fair Value through Profit/Loss (FVTPL)	5.1.2		3,816,629	1,615,521	5,432,150	2,051,069	5,787,964	7,839,033
1.2.1 Government Securities			1,316,774	1,048,703	2,365,477	1,022,981	726,919	1,749,900
1.2.2 Equity Securities			2,499,012	80,162	2,579,174	1,027,247	99,701	1,126,948
1.2.3 Other Financial Assets			843	486,656	487,499	841	4,961,344	4,962,185
1.3 Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)	5.1.3		60,866,475	23,268,104	84,134,579	35,483,531	20,262,767	55,746,298
1.3.1 Government Securities			60,631,011	12,990,324	73,621,335	35,412,880	9,237,062	44,649,942
1.3.2 Equity Securities			95,986	752,959	848,945	70,651	450,549	521,200
1.3.3 Other Financial Assets			139,478	9,524,821	9,664,299	-	10,575,156	10,575,156
1.4 Derivative Financial Assets	5.1.4		5,696,136	7,280,856	12,976,992	15,298,414	2,491,655	17,790,069
1.4.1 Derivative Financial Assets Measured at FVTPL			5,307,175	6,104,565	11,411,740	14,512,822	2,391,774	16,904,596
1.4.2 Derivative Financial Assets Measured at FVOCI			388,961	1,176,291	1,565,252	785,592	99,881	885,473
II. FINANCIAL ASSETS MEASURED AT AMORTIZED COST (Net)			473,944,545	296,136,716	770,081,261	291,012,949	229,117,373	520,130,322
2.1 Loans	5.1.5		429,015,609	258,096,698	687,112,307	272,256,354	220,333,364	492,589,718
2.2 Lease Receivables	5.1.6		4,188,344	12,633,920	16,822,264	2,926,250	9,730,034	12,656,284
2.3 Factoring Receivables	5.1.7		4,561,638	1,000,714	5,562,352	2,887,843	1,328,757	4,216,600
2.4 Other Financial Assets Measured at Amortised Cost	5.1.8		53,859,351	44,230,836	98,090,187	22,864,252	17,302,795	40,167,047
2.4.1 Government Securities			53,825,852	41,650,433	95,476,285	22,830,183	17,247,652	40,077,835
2.4.2 Other Financial Assets			33,499	2,580,403	2,613,902	34,069	55,143	89,212
2.5 Expected Credit Losses (-)			17,680,397	19,825,452	37,505,849	9,921,750	19,577,577	29,499,327
III. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	5.1.9		733,499	5,622	739,121	568,861	17,087	585,948
3.1 Asset Held for Resale			733,499	5,622	739,121	568,861	17,087	585,948
3.2 Assets of Discontinued Operations			-	-	-	-	-	-
IV. INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES			1,958,022	73,391	2,031,413	1,112,314	52,210	1,164,524
4.1 Associates (Net)	5.1.10		130,207	15	130,222	47,923	12	47,935
4.1.1 Associates Consolidated Under Equity Accounting			-	-	-	-	-	-
4.1.2 Unconsolidated Associates			130,207	15	130,222	47,923	12	47,935
4.2 Subsidiaries (Net)	5.1.11		1,827,815	73,376	1,901,191	1,064,391	52,198	1,116,589
4.2.1 Unconsolidated Financial Investments in Subsidiaries			-	-	-	41,420	-	41,420
4.2.2 Unconsolidated Non-Financial Investments in Subsidiaries			1,827,815	73,376	1,901,191	1,022,971	52,198	1,075,169
4.3 Joint Ventures (Net)	5.1.12		-	-	-	-	-	-
4.3.1 Joint-Ventures Consolidated Under Equity Accounting			-	-	-	-	-	-
4.3.2 Unconsolidated Joint-Ventures			-	-	-	-	-	-
V. TANGIBLE ASSETS (Net)	5.1.13		6,912,617	866,731	7,779,348	5,359,199	747,121	6,106,320
VI. INTANGIBLE ASSETS (Net)	5.1.14		991,047	128,667	1,119,714	848,468	115,182	963,650
6.1 Goodwill			6,388	-	6,388	6,388	-	6,388
6.2 Others			984,659	128,667	1,113,326	842,080	115,182	957,262
VII. INVESTMENT PROPERTY (Net)	5.1.15		1,284,079	-	1,284,079	652,633	-	652,633
VIII. CURRENT TAX ASSET			-	223	223	-	30,727	30,727
IX. DEFERRED TAX ASSET	5.1.16		6,102,835	175,878	6,278,713	4,405,432	37,859	4,443,291
X. OTHER ASSETS (Net)	5.1.17		33,631,963	5,114,013	38,745,976	12,670,670	5,554,351	18,225,021
TOTAL ASSETS			629,701,697	593,735,471	1,223,437,168	414,793,046	435,682,554	850,475,600

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

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

LIABILITIES AND SHAREHOLDERS' EQUITY		Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
			CURRENT PERIOD			PRIOR PERIOD		
			30 September 2022			31 December 2021		
			TL	FC	Total	TL	FC	Total
I. DEPOSITS	5.2.1		333,025,112	523,201,264	856,226,376	178,400,797	404,432,629	582,833,426
II. FUNDS BORROWED	5.2.2		4,199,534	47,610,301	51,809,835	2,771,981	40,854,748	43,626,729
III. MONEY MARKET FUNDS	5.2.3		8,451,167	7,166,837	15,618,004	9,119,851	6,822,938	15,942,789
IV. SECURITIES ISSUED (NET)	5.2.4		1,626,853	16,588,525	18,215,378	5,671,907	19,972,964	25,644,871
4.1 Bills			1,038,568	168,876	1,207,444	4,673,647	-	4,673,647
4.2 Asset Backed Securities			-	-	-	-	-	-
4.3 Bonds			588,285	16,419,649	17,007,934	998,260	19,972,964	20,971,224
V. FUNDS			-	-	-	-	-	-
5.1 Borrowers' Funds			-	-	-	-	-	-
5.2 Others			-	-	-	-	-	-
VI. FINANCIAL LIABILITIES MEASURED AT FVTPL	5.2.5		-	28,731,869	28,731,869	-	24,183,368	24,183,368
VII. DERIVATIVE FINANCIAL LIABILITIES	5.2.6		5,469,056	10,799,657	16,268,713	6,951,853	6,476,882	13,428,735
7.1 Derivative Financial Liabilities Measured at FVTPL			5,447,197	10,782,071	16,229,268	6,910,642	6,137,677	13,048,319
7.2 Derivative Financial Liabilities Measured at FVOCI			21,859	17,586	39,445	41,211	339,205	380,416
VIII. FACTORING LIABILITIES	5.2.7		-	-	-	-	-	-
IX. LEASE LIABILITIES (Net)	5.2.8		927,704	352,227	1,279,931	797,919	272,119	1,070,038
X. PROVISIONS	5.2.9		6,307,916	12,104,169	18,412,085	5,226,738	9,493,285	14,720,023
10.1 Restructuring Reserves			-	-	-	-	-	-
10.2 Reserve for Employee Benefits			2,304,978	197,492	2,502,470	1,841,079	176,824	2,017,903
10.3 Insurance Technical Provisions (Net)			1,221,384	724,993	1,946,377	1,002,438	359,409	1,361,847
10.4 Other Provisions			2,781,554	11,181,684	13,963,238	2,383,221	8,957,052	11,340,273
XI. CURRENT TAX LIABILITY	5.2.10		7,097,115	203,785	7,300,900	2,842,824	130,091	2,972,915
XII. DEFERRED TAX LIABILITY	5.2.10		3,701	74,643	78,344	-	55,096	55,096
XIII. LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	5.2.11		-	-	-	-	-	-
13.1 Asset Held for Sale			-	-	-	-	-	-
13.2 Assets of Discontinued Operations			-	-	-	-	-	-
XIV. SUBORDINATED DEBTS	5.2.12		1,026,475	14,183,679	15,210,154	1,030,662	9,880,843	10,911,505
14.1 Borrowings			-	-	-	-	-	-
14.2 Other Debt Instruments			1,026,475	14,183,679	15,210,154	1,030,662	9,880,843	10,911,505
XV. OTHER LIABILITIES	5.2.13		48,929,742	13,687,441	62,617,183	29,419,434	5,365,816	34,785,250
XVI. SHAREHOLDERS' EQUITY	5.2.14		132,207,347	(538,951)	131,668,396	80,399,488	(98,633)	80,300,855
16.1 Paid-in Capital			4,200,000	-	4,200,000	4,200,000	-	4,200,000
16.2 Capital Reserves			784,434	-	784,434	784,434	-	784,434
16.2.1 Share Premium			11,880	-	11,880	11,880	-	11,880
16.2.2 Share Cancellation Profits			-	-	-	-	-	-
16.2.3 Other Capital Reserves			772,554	-	772,554	772,554	-	772,554
16.3 Other Comprehensive Income/Expense Items not to be Recycled to Profit or Loss			2,907,778	100,184	3,007,962	1,661,446	190,809	1,852,255
16.4 Other Comprehensive Income/Expense Items to be Recycled to Profit or Loss			21,060,593	(1,195,057)	19,865,536	7,941,856	(750,153)	7,191,703
16.5 Profit Reserves			63,161,721	555,922	63,717,643	51,476,644	460,711	51,937,355
16.5.1 Legal Reserves			1,855,184	227,034	2,082,218	1,648,175	186,676	1,834,851
16.5.2 Status Reserves			-	-	-	-	-	-
16.5.3 Extraordinary Reserves			61,202,272	-	61,202,272	49,559,538	-	49,559,538
16.5.4 Other Profit Reserves			104,265	328,888	433,153	268,931	274,035	542,966
16.6 Profit/Loss			39,675,618	-	39,675,618	14,015,592	-	14,015,592
16.6.1 Prior Periods' Profit/Loss			1,105,802	-	1,105,802	548,851	-	548,851
16.6.2 Current Period's Net Profit/Loss			38,569,816	-	38,569,816	13,466,741	-	13,466,741
16.7 Minority Interest			417,203	-	417,203	319,516	-	319,516
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			549,271,722	674,165,446	1,223,437,168	322,633,454	527,842,146	850,475,600

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

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Subsidiaries
Consolidated Off-Balance Sheet Items
At 30 September 2022

	Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
		CURRENT PERIOD			PRIOR PERIOD		
		30 September 2022			31 December 2021		
		TL	FC	Total	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)		550,146,937	819,666,412	1,369,813,349	351,725,728	647,893,921	999,619,649
I. GUARANTEES AND SURETIES	5.3.1	87,508,758	117,578,128	205,086,886	44,306,497	90,152,277	134,458,774
1.1 Letters of guarantee		84,746,256	80,603,499	165,349,755	44,007,746	60,356,900	104,364,646
1.1.1 Guarantees subject to State Tender Law		-	3,143,310	3,143,310	-	2,359,247	2,359,247
1.1.2 Guarantees given for foreign trade operations		4,362,774	3,212,695	7,575,469	3,089,307	1,586,208	4,675,515
1.1.3 Other letters of guarantee		80,383,482	74,247,494	154,630,976	40,918,439	56,411,445	97,329,884
1.2 Bank acceptances		461,658	3,192,203	3,653,861	65,766	2,685,971	2,751,737
1.2.1 Import letter of acceptance		461,658	3,192,203	3,653,861	65,766	2,685,971	2,751,737
1.2.2 Other bank acceptances		-	-	-	-	-	-
1.3 Letters of credit		312,644	33,137,625	33,450,269	160,485	25,794,163	25,954,648
1.3.1 Documentary letters of credit		-	-	-	-	-	-
1.3.2 Other letters of credit		312,644	33,137,625	33,450,269	160,485	25,794,163	25,954,648
1.4 Guaranteed prefinancings		-	-	-	-	-	-
1.5 Endorsements		1,988,200	401,928	2,390,128	72,500	1,056,461	1,128,961
1.5.1 Endorsements to the Central Bank of Turkey		1,988,200	401,928	2,390,128	72,500	1,056,461	1,128,961
1.5.2 Other endorsements		-	-	-	-	-	-
1.6 Underwriting commitments		-	-	-	-	-	-
1.7 Factoring related guarantees		-	-	-	-	-	-
1.8 Other guarantees		-	242,873	242,873	-	258,782	258,782
1.9 Other sureties		-	-	-	-	-	-
II. COMMITMENTS	5.3.1	180,155,035	81,756,592	261,911,627	102,485,489	37,588,748	140,074,237
2.1 Irrevocable commitments		178,186,736	71,809,957	249,996,693	100,896,376	19,144,862	120,041,238
2.1.1 Asset purchase and sale commitments		1,769,155	65,623,208	67,392,363	5,160,834	14,950,271	20,111,105
2.1.2 Deposit purchase and sale commitments		-	-	-	-	-	-
2.1.3 Share capital commitments to associates and subsidiaries		-	5,549	5,549	-	4,560	4,560
2.1.4 Loan granting commitments		59,118,657	4,037,306	63,155,963	30,051,943	2,367,061	32,419,004
2.1.5 Securities issuance brokerage commitments		-	-	-	-	-	-
2.1.6 Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7 Commitments for cheque payments		5,240,183	-	5,240,183	3,956,330	-	3,956,330
2.1.8 Tax and fund obligations on export commitments		244,861	-	244,861	116,784	-	116,784
2.1.9 Commitments for credit card limits		111,810,116	1,766,509	113,576,625	61,609,289	1,822,970	63,432,259
2.1.10 Commitments for credit cards and banking services related promotions		3,764	-	3,764	1,196	-	1,196
2.1.11 Receivables from "short" sale commitments on securities		-	-	-	-	-	-
2.1.12 Payables from "short" sale commitments on securities		-	-	-	-	-	-
2.1.13 Other irrevocable commitments		-	377,385	377,385	-	-	-
2.2 Revocable commitments		1,968,299	9,946,635	11,914,934	1,589,113	18,443,886	20,032,999
2.2.1 Revocable loan granting commitments		534,200	7,034,839	7,569,039	557,330	16,363,918	16,921,248
2.2.2 Other revocable commitments		1,434,099	2,911,796	4,345,895	1,031,783	2,079,968	3,111,751
III. DERIVATIVE FINANCIAL INSTRUMENTS	5.3.2	282,483,144	620,331,692	902,814,836	204,933,742	520,152,896	725,086,638
3.1 Derivative financial instruments held for risk management		4,640,552	60,010,573	64,651,125	10,157,293	65,472,706	75,629,999
3.1.1 Fair value hedges		-	17,366,605	17,366,605	400,000	10,961,095	11,361,095
3.1.2 Cash flow hedges		4,640,552	42,643,968	47,284,520	9,757,293	54,511,611	64,268,904
3.1.3 Net foreign investment hedges		-	-	-	-	-	-
3.2 Trading derivatives		277,842,592	560,321,119	838,163,711	194,776,449	454,680,190	649,456,639
3.2.1 Forward foreign currency purchases/sales		21,336,479	30,161,467	51,497,946	13,352,362	19,688,268	33,040,630
3.2.1.1 Forward foreign currency purchases		19,031,202	7,113,756	26,144,958	9,734,071	6,429,244	16,163,312
3.2.1.2 Forward foreign currency sales		2,305,277	23,047,711	25,352,988	3,618,291	13,259,027	16,877,318
3.2.2 Currency and interest rate swaps		235,116,954	417,138,157	652,255,111	164,715,512	341,701,557	506,417,069
3.2.2.1 Currency swaps-purchases		2,500,338	164,241,543	166,741,881	3,971,126	148,821,859	152,792,985
3.2.2.2 Currency swaps-sales		114,746,380	67,239,849	181,986,229	106,149,390	50,271,988	156,421,378
3.2.2.3 Interest rate swaps-purchases		58,935,118	92,828,382	151,763,500	27,297,498	71,303,855	98,601,353
3.2.2.4 Interest rate swaps-sales		58,935,118	92,828,383	151,763,501	27,297,498	71,303,855	98,601,353
3.2.3 Currency, interest rate and security options		17,315,420	24,174,374	41,489,794	14,159,657	20,726,981	34,886,638
3.2.3.1 Currency call options		10,632,127	6,785,521	17,417,648	4,417,926	6,898,987	11,316,913
3.2.3.2 Currency put options		6,420,354	12,143,758	18,564,112	7,866,882	6,448,093	14,314,975
3.2.3.3 Interest rate call options		-	3,515,996	3,515,996	-	4,982,841	4,982,841
3.2.3.4 Interest rate put options		-	1,729,099	1,729,099	-	2,190,191	2,190,191
3.2.3.5 Security call options		129,331	-	129,331	1,267,078	-	1,267,078
3.2.3.6 Security put options		133,608	-	133,608	607,771	206,869	814,640
3.2.4 Currency futures		1,358,088	1,253,746	2,611,834	1,306,794	1,277,838	2,584,632
3.2.4.1 Currency futures-purchases		1,093,934	253,619	1,347,553	992,048	301,139	1,293,187
3.2.4.2 Currency futures-sales		264,154	1,000,127	1,264,281	314,746	976,699	1,291,445
3.2.5 Interest rate futures		-	110,670	110,670	-	157,116	157,116
3.2.5.1 Interest rate futures-purchases		-	110,670	110,670	-	-	-
3.2.5.2 Interest rate futures-sales		-	-	-	-	157,116	157,116
3.2.6 Others		2,715,651	87,482,705	90,198,356	1,242,124	71,128,430	72,370,554
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		1,479,609,953	2,804,985,248	4,284,595,201	1,093,978,634	2,083,443,828	3,177,422,462
IV. ITEMS HELD IN CUSTODY		167,145,378	154,129,777	321,275,155	114,179,952	108,260,211	222,440,163
4.1 Customers' securities held		99,734,615	-	99,734,615	64,677,619	-	64,677,619
4.2 Investment securities held in custody		21,175,649	66,257,422	87,433,071	18,343,337	37,995,927	56,339,264
4.3 Checks received for collection		40,719,411	13,810,675	54,530,086	27,326,791	13,620,060	40,946,851
4.4 Commercial notes received for collection		4,646,423	2,304,725	6,951,148	3,429,128	1,815,204	5,244,332
4.5 Other assets received for collection		460,333	63,221,782	63,682,115	275,296	47,257,187	47,532,483
4.6 Assets received through public offering		-	445,867	445,867	-	319,790	319,790
4.7 Other items under custody		408,947	8,089,306	8,498,253	127,781	7,252,043	7,379,824
4.8 Custodians		-	-	-	-	-	-
V. PLEDGED ITEMS		1,312,464,575	2,650,855,471	3,963,320,046	979,798,682	1,975,183,617	2,954,982,299
5.1 Securities		16,208,373	11,601,860	27,810,233	8,838,322	6,124,816	14,963,138
5.2 Guarantee notes		22,808,342	51,812,961	74,621,303	22,910,852	35,928,645	58,839,497
5.3 Commodities		292,499	-	292,499	441,462	-	441,462
5.4 Warranties		-	1,406,247	1,406,247	-	925,896	925,896
5.5 Real estates		298,104,319	440,338,225	738,442,544	221,127,430	334,187,401	555,314,831
5.6 Other pledged items		975,051,042	2,145,695,916	3,120,746,958	726,480,616	1,598,016,644	2,324,497,260
5.7 Pledged items-depository		-	262	262	-	215	215
VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES		-	-	-	-	-	-
TOTAL OFF-BALANCE SHEET ITEMS (A+B)		2,029,756,890	3,624,651,660	5,654,408,550	1,445,704,362	2,731,337,749	4,177,042,111

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 September 2022

INCOME AND EXPENSE ITEMS		Footnotes	THOUSANDS OF TURKISH LIRA (TL)			
			CURRENT PERIOD	PRIOR PERIOD	CURRENT PERIOD	PRIOR PERIOD
			1 January 2022- 30 September 2022	1 January 2021- 30 September 2021	1 July 2022- 30 September 2022	1 July 2021- 30 September 2021
I. INTEREST INCOME	5.4.1		87,761,397	41,318,041	39,342,718	15,837,841
1.1 Interest income on loans			59,514,079	31,547,908	24,548,338	11,654,585
1.2 Interest income on reserve deposits			286,258	620,898	2,188	277,011
1.3 Interest income on banks			368,031	165,602	213,507	58,629
1.4 Interest income on money market transactions			2,224,208	1,365,254	527,095	758,441
1.5 Interest income on securities portfolio			23,839,961	6,740,505	13,450,283	2,770,385
1.5.1 Financial assets measured at FVTPL			164,225	122,419	55,764	58,578
1.5.2 Financial assets measured at FVOCI			11,592,898	3,562,586	6,070,173	1,521,209
1.5.3 Financial assets measured at amortised cost			12,082,838	3,055,500	7,324,346	1,190,598
1.6 Financial lease income			1,069,962	498,892	425,399	183,176
1.7 Other interest income			458,898	378,982	175,908	135,614
II. INTEREST EXPENSE (-)	5.4.2		29,812,793	17,455,323	12,374,729	6,441,184
2.1 Interest on deposits			23,024,877	14,317,938	9,306,385	5,416,402
2.2 Interest on funds borrowed			1,960,931	778,523	846,513	254,555
2.3 Interest on money market transactions			777,973	273,614	399,112	52,701
2.4 Interest on securities issued			2,382,269	1,946,346	881,844	676,021
2.5 Lease interest expense			124,380	92,937	43,646	35,620
2.6 Other interest expenses			1,542,363	45,965	897,229	5,885
III. NET INTEREST INCOME (I - II)			57,948,604	23,862,718	26,967,989	9,396,657
IV. NET FEES AND COMMISSIONS INCOME/EXPENSES	5.4.12		12,008,205	6,489,928	4,920,324	2,259,600
4.1 Fees and commissions received			17,036,636	8,644,598	7,074,016	3,177,883
4.1.1 Non-cash loans			1,327,975	773,337	502,889	274,307
4.1.2 Others			15,708,661	7,871,261	6,571,127	2,903,576
4.2 Fees and commissions paid (-)			5,028,431	2,154,670	2,153,692	918,283
4.2.1 Non-cash loans			55,280	23,225	19,966	8,649
4.2.2 Others			4,973,151	2,131,445	2,133,726	909,634
V. DIVIDEND INCOME	5.4.3		67,505	22,813	4,820	1,537
VI. NET TRADING INCOME/LOSSES (Net)	5.4.4		8,268,702	(3,224,052)	2,332,954	(2,273,474)
6.1 Trading account income/losses			4,152,037	1,086,955	(356,580)	431,547
6.2 Income/losses from derivative financial instruments			(21,567,381)	(4,639,775)	(2,443,451)	(3,654,093)
6.3 Foreign exchange gains/losses			25,684,046	328,768	5,132,985	949,072
VII. OTHER OPERATING INCOME	5.4.5		12,823,780	8,522,842	3,450,719	2,623,112
VIII. TOTAL OPERATING PROFIT (III+IV+V+VI+VII)			91,116,796	35,674,249	37,676,806	12,007,432
IX. EXPECTED CREDIT LOSSES (-)	5.4.6		19,703,374	10,146,878	6,321,235	2,000,900
X. OTHER PROVISIONS (-)	5.4.6		2,923,057	3,333,784	733,201	1,213,363
XI. PERSONNEL EXPENSES (-)			7,270,082	3,974,748	2,957,646	1,407,566
XII. OTHER OPERATING EXPENSES (-)	5.4.7		11,173,605	6,148,266	4,427,905	2,086,701
XIII. NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)			50,046,678	12,070,573	23,236,819	5,298,902
XIV. INCOME RESULTED FROM MERGERS			-	-	-	-
XV. INCOME/LOSS FROM INVESTMENTS UNDER EQUITY			718,574	467,073	232,117	161,651
XVI. GAIN/LOSS ON NET MONETARY POSITION			-	-	-	-
XVII. PROFIT/LOSS BEFORE TAXES (XIII+...+XVI)	5.4.8		50,765,252	12,537,646	23,468,936	5,460,553
XVIII. PROVISION FOR TAXES (±)	5.4.9		12,039,190	3,023,025	5,923,897	1,666,503
18.1 Current tax charge			13,442,219	3,147,569	5,848,983	1,637,600
18.2 Deferred tax charge (+)			4,816,001	946,660	678,906	(62,438)
18.3 Deferred tax credit (-)			(6,219,030)	(1,071,204)	(603,992)	91,341
XIX. NET OPERATING PROFIT/LOSS AFTER TAXES (XVII±XVIII)	5.4.10		38,726,062	9,514,621	17,545,039	3,794,050
XX. INCOME FROM DISCONTINUED OPERATIONS			-	-	-	-
20.1 Income from assets held for sale			-	-	-	-
20.2 Income from sale of associates, subsidiaries and joint-ventures			-	-	-	-
20.3 Others			-	-	-	-
XXI. EXPENSES FROM DISCONTINUED OPERATIONS (-)			-	-	-	-
21.1 Expenses on assets held for sale			-	-	-	-
21.2 Expenses on sale of associates, subsidiaries and joint-ventures			-	-	-	-
21.3 Others			-	-	-	-
XXII. PROFIT/LOSS BEFORE TAXES ON DISCONTINUED OPERATIONS	5.4.8		-	-	-	-
XXIII. PROVISION FOR TAXES OF DISCONTINUED OPERATIONS (±)	5.4.9		-	-	-	-
23.1 Current tax charge			-	-	-	-
23.2 Deferred tax charge (+)			-	-	-	-
23.3 Deferred tax credit (-)			-	-	-	-
XXIV. NET PROFIT/LOSS AFTER TAXES ON DISCONTINUED OPERATIONS	5.4.10		-	-	-	-
XXV. NET PROFIT/LOSS (XIX+XXIV)	5.4.11		38,726,062	9,514,621	17,545,039	3,794,050
25.1 Equity holders of the bank			38,569,816	9,426,571	17,484,915	3,765,366
25.2 Minority interest			156,246	88,050	60,124	28,684
Earnings per Share			0.09183	0.02244	0.04163	0.00897

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 September 2022

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	THOUSANDS OF TURKISH LIRA (TL)	
	CURRENT PERIOD 1 January 2021 - 30 September 2022	PRIOR PERIOD 1 January 2021 - 30 September 2021
I. CURRENT PERIOD PROFIT/LOSS	38,726,062	9,514,621
II. OTHER COMPREHENSIVE INCOME	13,914,663	385,089
2.1 Other Income/Expense Items not to be Recycled to Profit or Loss	1,239,042	84,691
2.1.1 Revaluation Surplus on Tangible Assets	1,421,233	8,018
2.1.2 Revaluation Surplus on Intangible Assets	-	-
2.1.3 Defined Benefit Plans' Actuarial Gains/Losses	195	-
2.1.4 Other Income/Expense Items not to be Recycled to Profit or Loss	54,291	77,532
2.1.5 Deferred Taxes on Other Comprehensive Income not to be Recycled to Profit or Loss	(236,677)	(859)
2.2 Other Income/Expense Items to be Recycled to Profit or Loss	12,675,621	300,398
2.2.1 Translation Differences	3,270,116	1,037,543
2.2.2 Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at FVOCI	12,617,267	(775,507)
2.2.3 Gains/losses from Cash Flow Hedges	1,379,755	361,783
2.2.4 Gains/Losses on Hedges of Net Investments in Foreign Operations	(1,563,029)	(508,405)
2.2.5 Other Income/Expense Items to be Recycled to Profit or Loss	-	-
2.2.6 Deferred Taxes on Other Comprehensive Income to be Recycled to Profit or Loss	(3,028,488)	184,984
III. TOTAL COMPREHENSIVE INCOME (I+II)	52,640,725	9,899,710

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 September 2022

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 (01/01/2021-30/09/2021)																		
I. Balances at Beginning of Period		4,200,000	11,880	-	772,554	1,948,436	(302,744)	66,879	5,190,254	240,292	(2,349,276)	45,869,743	6,513,366	-	62,161,384	247,679	62,409,063	
II. Correction made as per TAS 8		-	-	-	-	-	-	-	(132)	-	(100,924)	-	535,568	-	434,512	-	434,512	
2.1. Effect of Corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2.2. Effect of Changes in Accounting Policies		-	-	-	-	-	-	-	(132)	-	(100,924)	-	535,568	-	434,512	-	434,512	
III. Adjusted Balances at Beginning of Period (I+II)	5.5	4,200,000	11,880	-	772,554	1,948,436	(302,744)	66,879	5,190,122	240,292	(2,450,200)	45,869,743	7,048,934	-	62,595,896	247,679	62,843,575	
IV. Total Comprehensive Income		-	-	-	-	(4,549)	-	75,957	1,037,543	(723,276)	(12,862)	208,276	(194,993)	9,426,571	9,812,667	87,043	9,899,710	
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		-	-	-	-	-	-	-	-	-	-	33,979	-	-	33,979	-	33,979	
XI. Profit Distribution		-	-	-	-	-	-	-	-	-	-	5,681,290	(6,305,090)	-	(623,800)	(47,130)	(670,930)	
11.1 Dividends		-	-	-	-	-	-	-	-	-	-	-	(623,800)	-	(623,800)	(47,130)	(670,930)	
11.2 Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	5,646,085	(5,646,085)	-	-	-	-	
11.3 Others		-	-	-	-	-	-	-	-	-	-	35,205	(35,205)	-	-	-	-	
Balances at end of the period (III+IV+...+X+XI)		4,200,000	11,880	-	772,554	1,943,887	(302,744)	142,836	6,227,665	(482,984)	(2,463,062)	51,793,288	548,851	9,426,571	71,818,742	287,592	72,106,334	
CURRENT PERIOD (01/01/2022-30/09/2022)																		
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		-	-	-	-	1,070,425	25,966	59,316	3,270,116	9,312,792	90,925	13,283	70,052	38,569,816	52,482,691	158,034	52,640,725	
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		-	-	-	-	-	-	-	-	-	-	94,494	-	-	94,494	-	94,494	
XI. Profit Distribution		-	-	-	-	-	-	-	-	-	-	11,672,511	(12,979,842)	-	(1,307,331)	(60,347)	(1,367,678)	
11.1 Dividends		-	-	-	-	-	-	-	-	-	-	-	(1,307,331)	-	(1,307,331)	(60,347)	(1,367,678)	
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	3,083,486	(394,313)	318,789	13,932,535	9,745,410	(3,812,409)	63,717,643	1,105,802	38,569,816	131,251,193	417,203	131,668,396	

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 Cash Flows
At 30 September 2022

STATEMENT OF CASH FLOWS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)	
		CURRENT PERIOD	PRIOR PERIOD
		1 January 2022- 30 September 2022	1 January 2021 - 30 September 2021
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities	5.6	36,746,693	13,342,018
1.1.1 Interests received		67,947,498	36,862,889
1.1.2 Interests paid		(22,553,277)	(15,937,345)
1.1.3 Dividend received		67,505	22,813
1.1.4 Fees and commissions received		17,036,636	8,644,598
1.1.5 Other income		12,823,780	8,522,842
1.1.6 Collections from previously written-off receivables		770,192	693,396
1.1.7 Cash payments to personnel and service suppliers		(15,901,977)	(8,610,259)
1.1.8 Taxes paid		(12,825,433)	(3,396,428)
1.1.9 Others		(10,618,231)	(13,460,488)
1.2 Changes in operating assets and liabilities	5.6	14,941,058	(6,573,793)
1.2.1 Net (increase) decrease in financial assets measured at FVTPL		1,662,972	1,375,524
1.2.2 Net (increase) decrease in due from banks		(55,204,610)	(4,311,986)
1.2.3 Net (increase) decrease in loans		(206,616,345)	(72,443,526)
1.2.4 Net (increase) decrease in other assets		(18,427,540)	(2,186,471)
1.2.5 Net increase (decrease) in bank deposits		3,139,411	3,314,031
1.2.6 Net increase (decrease) in other deposits		265,806,598	65,221,889
1.2.7 Net increase (decrease) in financial liabilities measured at FVTPL		-	-
1.2.8 Net increase (decrease) in funds borrowed		(2,502,033)	(4,247,052)
1.2.9 Net increase (decrease) in matured payables		-	-
1.2.10 Net increase (decrease) in other liabilities		27,082,605	6,703,798
I. Net cash flow from banking operations	5.6	51,687,751	6,768,225
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash flow from investing activities	5.6	(47,431,000)	(4,653,176)
2.1 Cash paid for purchase of associates, subsidiaries and joint-ventures		(190,817)	-
2.2 Cash obtained from sale of associates, subsidiaries and joint-ventures		-	-
2.3 Purchases of tangible assets		(1,556,277)	(509,175)
2.4 Sales of tangible assets		655,282	529,092
2.5 Cash paid for purchase of financial assets measured at FVOCI		(30,963,348)	(23,811,163)
2.6 Cash obtained from sale of financial assets measured at FVOCI		22,839,602	16,271,075
2.7 Cash paid for purchase of financial assets measured at amortised cost		(40,861,148)	(499,191)
2.8 Cash obtained from sale of financial assets measured at amortised cost		2,645,706	3,366,186
2.9 Others		-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash flow from financing activities		4,983,088	8,538,574
3.1 Cash obtained from funds borrowed and securities issued		25,979,837	22,543,520
3.2 Cash used for repayment of funds borrowed and securities issued		(19,303,772)	(13,161,693)
3.3 Equity instruments issued		-	-
3.4 Dividends paid		(1,307,331)	(623,800)
3.5 Payments for leases		(385,646)	(219,453)
3.6 Others		-	-
IV. Effect of translation differences on cash and cash equivalents	5.6	11,904,372	2,795,604
V. Net increase/(decrease) in cash and cash equivalents (I+II+III+IV)	5.6	21,144,211	13,449,227
VI. Cash and cash equivalents at beginning of period	5.6	122,462,323	52,763,757
VII. Cash and cash equivalents at end of period (V+VI)	5.6	143,606,534	66,212,984

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

3 Accounting Policies

3.1 Basis of presentation

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

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

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

The accounting policies and the valuation principles applied in the preparation of the accompanying financial statements are explained in Notes from 3.2 to 3.29.

3.1.1 Changes in Accounting policies and disclosures

New and revised Turkish Accounting Standards effective for annual periods beginning on or after 1 January 2022 have no material effect on the financial statements, financial performance and on the Bank’s accounting policies. New and revised Turkish Accounting Standards issued but not yet effective as of the finalization date of the financial statements have no material effect on the financial statements, financial performance and on the Bank’s accounting policies.

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

3.1.2 Other

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

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

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

3.2 Strategy for use of financial instruments and foreign currency transactions

3.2.1 Strategy for use of financial instruments

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

In order to manage the interest rate risk arising from short-term deposits, the Bank and its financial subsidiaries are keen on maintaining floating rate instruments such as government bonds with quarterly coupon payments and instruments like credit cards and consumer loans providing regular cash inflows. A portion of the fixed-rate securities and loans, and the bonds are hedged under fair value hedges. The fair value risks of such fixed-rate assets and financial liabilities are hedged with interest rate swaps and cross currency swaps. The fair value changes of the hedged fixed-rate financial assets and financial liabilities together with the changes in the fair value of the hedging instruments, namely interest rate swaps and cross currency swaps, are accounted under net trading income/losses in the income statement. At the inception of the hedge and during the subsequent periods, the hedge is expected to achieve the offsetting of changes in fair value attributable to the hedged risk for which the hedge is designated, and accordingly, the hedge effectiveness tests are performed.

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

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

Another influential factor in the management of the interest and liquidity risk on balance sheet is product diversification both on asset and liability sides.

Exchange rate risk, interest rate risk and liquidity risk are controlled and measured by various risk management systems, and the balance sheet is managed under the limits set by these systems and the limits legally required. Asset-liability management and value at risk models, stress tests and scenario analysis are used for this purpose.

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

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

3.2.2 Foreign currency transactions

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

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

In the current period, net investment hedge amounting to EUR 485,046,666 (31 December 2021: EUR 489,286,021) is applied in total among investments in Garanti Bank International NV and Garanti Holding BV having capitals denominated in foreign currencies and long term foreign currency borrowings. Foreign exchange losses amounting to TL 6,869,864 (31 December 2021: TL 5,633,892), arising from conversion of both foreign currency investments and long term foreign currency borrowings are accounted under capital reserves and other comprehensive income/expense items to be recycled to profit/loss, respectively under equity as of 31 December 2021. There is no ineffective portion arising from net investment hedge accounting.

3.3 Information on consolidated subsidiaries

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

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

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

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

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

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

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

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

Garanti Holding was established in December 2007 in Amsterdam and all its shares was purchased by the Bank from 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 contracts.

Derivatives are initially recorded at their fair values. The related transaction costs are recognized in income statement at the date they incur. The changes in their fair values are recorded on balance sheet under "the portion of derivative financial assets measured at fair value through profit and loss" or "the portion of derivative financial liabilities measured at fair value through profit and loss", respectively depending on the fair values being positive or negative. Fair value changes for derivatives are recorded in the account of "income / losses from derivative transactions" under statement of profit or loss.

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

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

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

An embedded derivative is a component of a hybrid contract that also includes a non-derivative host with the effect that some of the cash flows of the combined instrument vary in a way similar to stand alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variables, provided in the case of a non-financial variable that the variable is not specific to contract. A derivative that is attached to a financial instrument but is contractually transferable independently of that instrument, or has a different counterparty, is not an embedded derivative but a separate financial instrument. If a hybrid contract contains a host that is an asset within the scope of this standard, it is applied the standard’s requirements about classification of financial assets to the entire hybrid contract. The Bank and its consolidated financial subsidiaries do not have either any hybrid contract contains a host that is not an asset within the scope of this standard or a financial instrument which shall be separated from the host and accounted for as derivative under this standard.

Credit derivatives; are capital market tools designed to transfer credit risk from one party to another. The credit derivatives portfolio included in the off-balance sheet accounts composes of total return swaps and credit default swaps resulted from protection buying or selling.

Credit default swap; is a contract, in which the protection seller commits to pay the protection value to the protection buyer in case of certain credit risk events in return for the premium paid by the buyer for the contract. Credit default swaps are valued daily at their fair values.

Total return swap; is a contract, in which the protection seller commits to make a certain payment and compensate the decreases in market values of the reference assets to the buyer under the condition that the protection buyer will transfer all the cash flows to be created by and the increases in market values of the reference asset. It is entered into total return swap contract for the purpose of generating long-term funding.

3.4.2 Derivative financial instruments held for hedging purpose

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

The Bank and its consolidated financial subsidiaries enter into interest rate and cross currency swap transactions in order to hedge the changes in fair values of fixed-rate financial instruments. The changes in fair values of derivative financial assets held for fair value hedges are recognised in “income/losses from derivative financial instruments”. If the hedging is effective, the changes in fair value of the hedged item is presented in the statement of financial position together with the fixed-rate loan, and in case of the fixed-rate financial assets at fair value through other comprehensive income, such changes are reclassified from shareholders’ equity to statement of profit or loss.

Derivative financial assets measured at fair value through other comprehensive income

The Bank and its consolidated financial subsidiaries enter into interest rate and cross currency swap transactions in order to hedge the changes in cash flows of the floating-rate financial instruments. While applying cash flow hedge accounting, the effective portion of the changes in the fair value of the hedging instrument is accounted for under “accumulated other comprehensive income or expense to be reclassified to profit or loss” in shareholders’ equity, and the ineffective portion is recognised in income statement. The changes recognized in shareholders’ equity are removed and included in statement of profit or loss in the same period when the hedged cash flows effect the income or loss.

Effectiveness tests are performed at the beginning of the hedge accounting period and at each reporting period. The effectiveness tests are carried out using the “Dollar off-set model” and the hedge accounting is applied as long as the test results are between the ranges of 80%-125% of effectiveness.

The hedge accounting is discontinued when the hedging instrument expires, is exercised, sold or no longer effective. When discontinuing fair value hedge accounting, the cumulative fair value changes in carrying value of the hedged item arising from the hedged risk are amortised to statement of profit or loss under trading account income/loss caption over the maturity of the hedged item from that date of the hedge accounting is discontinued.

While expiring, sale, discontinuing cash flow hedge accounting or when no longer effective the cumulative gains/losses recognised in shareholders’ equity and presented under “accumulated other comprehensive income or expense to be reclassified to profit or loss” are continued to be kept in this account. When the cash flows of hedged item incur, the gain/losses accounted for under shareholders’ equity are recognised in statement of profit or loss considering the original maturity.

3.5 Interest income and expenses

General

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

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

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

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

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

If the credit risk of the financial instrument improves to the extent that the financial asset is no longer considered as impaired and the improvement can be attributed to an incident that eventually takes place (such as an increase in the loan's credit rating), the system calculates interest income at subsequent reporting periods by applying the effective interest rate to the gross amount.

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 at the settlement date.

3.7.2 Initial measurement of financial instruments

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

3.7.3 Classification of financial instruments

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

3.7.3.1 Assessment of the business model

As per TFRS 9, the business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The business model does not depend on management's intentions for an individual instrument. Accordingly, this condition is not an instrument-by-instrument approach to classification and should be determined on a higher level of aggregation.

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

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

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

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

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

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

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

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

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

3.7.4 Measurement categories of financial assets and liabilities

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

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

Financial investments and loans measured at amortised cost

Financial investments and loans are measured at amortised cost if both of the following conditions are met:

- Financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- Contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial investments measured at amortised cost: subsequent to the initial recognition, financial investments measured at amortised cost are accounted at amortised cost calculated by using the effective interest rate method. The expected losses calculated for the relevant financial assets in accordance with TFRS 9 is presented in Note 5.1.8.5.

Loans: financial assets other than those held for trading in short term or generated through providing money, commodity and services to debtors. Loans are financial assets with fixed or determinable payments and not quoted in an active market.

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

Financial assets measured at fair value through other comprehensive income

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

- Financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- Contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

Financial assets measured at fair value through other comprehensive income are measured at their fair values subsequently. However, assets for which fair values could not be determined reliably are valued at amortized cost by using the discounting method with effective interest rate, that approximates to fair value, for floating-rate securities; and by using valuation models or discounted cash flow techniques for fixed-rate securities.

Unrecognised gain/losses derived from the difference between their fair value and the discounted values are recorded in accumulated other comprehensive income or expense to be reclassified to profit or loss under the shareholders' equity. In case of sales, the gain/losses arising from fair value measurement accumulated under shareholders' equity are recognized in income statement.

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

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

Equity instruments measured at fair value through other comprehensive income

At initial recognition, it can be made an irrevocable election to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument within the scope of TFRS 9 that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which TFRS 3 applies. Such election is made on an instrument by instrument basis.

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

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

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

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

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

3.8 Disclosures on impairment of financial instruments

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

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

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

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

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

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

3.8.1 Calculation of expected credit losses

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

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

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

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

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

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

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

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

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

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

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

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

It is considered a debt as default on these two below conditions;

1. **Objective Default Definition:** It means debt having past due more than 90 days. Current definition of default is based on a more than 90 days past due definition. If a loan is exactly 90 days past due, it will not be considered as default.

2. Subjective Default Definition: It means it is considered that a debt is unlikely to be paid. Whenever it is considered that an obligor is unlikely to pay its credit obligations, it should be considered as defaulted regardless of the existence of any past-due amount or of the number of days past due.

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

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

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

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

In accordance with the internal policies, TFRS 9 models are updated once a year. The related model update was made in the 3th quarter of 2022 and has calculated credit losses provision is continued to calculated based on the updated model during 2022.

3.8.1.1 *Loan commitments and non-cash loans*

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

The expected credit losses on the financial asset shall therefore be measured considering the initial credit risk of the loan commitment from the date when becoming a party to the irrevocable commitment.

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

3.8.1.2 Debt instruments measured at fair value through other comprehensive income

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

3.8.1.3 Credit cards and other revolving loans

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

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

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

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

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

3.8.2 Forward-looking macroeconomic information

Forward-looking macroeconomic information is incorporated into credit risk parameters during assessment of significant increase in credit risk and expected credit loss calculation. The incorporation of forward-looking information into the credit risk parameters consists of the following steps:

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

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

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

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

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

Date	GDP
31.12.2022	%5.0
31.12.2023	%3.0
31.12.2024	%1.6
31.12.2025	%3.8
31.12.2026	%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 fulfil its contractual cash flow obligations.

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

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

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

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

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

3.8.5 Disclosures on write down policy

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

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

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

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

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

3.9 Disclosures about netting and derecognition of financial instruments

3.9.1 Netting of financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when the Bank and its consolidated financial subsidiaries have legally enforceable rights to offset the recognized amounts and to collect/pay related financial assets and liabilities on a net basis, or there is an intention to realize the asset and settle the liability simultaneously.

3.9.2 Derecognition of financial instruments

3.9.2.1 *Derecognition of financial assets due to change in the contractual terms*

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

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

Where all risks and rewards of ownership of the asset have not been transferred to another party and it is retained control of the asset, it is continued to recognize the remaining portion of the asset and liabilities arising from such asset.

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

3.9.2.2 *Derecognition of a financial asset without any change in the contractual terms*

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

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

3.9.2.3 *Derecognition of financial liabilities*

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

3.9.3 Reclassification of financial instruments

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

3.9.4 Restructuring and refinancing of financial instruments

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

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

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

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

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

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

- Recovery in debt service,
- At least 1 year should pass over the date of restructuring,
- Payment of all accrued and overdue amounts by debtor (interest and principal) since the date of restructuring /refinancing or the date when the debtor is classified as non-performing (earlier date to be considered) and fulfillment of the payment condition of all overdue amounts as of the date of restructuring /refinancing,
- Collection of all overdue amounts, disappearance of the reasons for classification as non-performing receivable (based on the conditions mentioned above) and having no overdue more than 30 days as of the date of reclassification.

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

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

3.10 Repurchase and resale agreements and securities lending

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

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

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

3.11 Assets held for sale, assets of discontinued operations and related liabilities

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

A discontinued operation is a part of the business classified as sold or held-for-sale. The operating results of the discontinued operations are disclosed separately in income statement. The Bank or its financial subsidiaries have no discontinued operations.

3.12 Goodwill and other intangible assets

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

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

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

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

- The technical feasibility of completing the intangible asset so that it will be available for use,
- Availability of the Bank and its financial subsidiaries’ intention to complete and use the intangible asset,
- The ability to use the intangible asset,
- Clarity in probable future economic benefits to be generated from the intangible asset,
- The availability of adequate technical, financial and other resources to complete the development phase and to start using the intangible asset,
- The availability to measure reliably the expenditure attributable to the intangible asset during the development phase.

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

The intangible assets are amortised over their estimated useful lives based on their inflation adjusted costs on a straight-line basis.

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

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

Estimated useful lives of the intangible assets except for goodwill, are 3-15 years and amortisation rates are 6.67-33.3%.

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

3.13 Tangible assets

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

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

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

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

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

There are no restrictions such as pledges, mortgages or any other restriction on tangible assets.

The depreciation rates and estimated useful lives of tangible assets are presented below. Depreciation method in use was not changed in the current period.

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

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

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

Investment properties

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

Investment properties accounted at fair value are not depreciated.

Right-of-use assets

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

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

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

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

3.14 Leasing activities

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

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

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

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

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

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

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

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

3.15 Provisions and contingent liabilities

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

3.16 Contingent assets

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

3.17 Liabilities for employee benefits

Severance indemnities and short-term employee benefits

As per the existing labor law in Turkey, the entities are required to pay certain amounts to the employees retired or fired except for resignations or misbehaviors specified in the Turkish Labor Law.

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

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

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

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

The actuarial gains/losses are recognised under shareholders’ equity as per the revised TAS19.

Retirement benefit obligations

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

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

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

	30 September 2022		31 December 2021	
	Employer	Employee	Employer	Employee
Pension contributions	15.5%	10.0%	15.5%	10.0%
Medical benefit contributions	6.0%	5.0%	6.0%	5.0%

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

a) Benefits transferable to SSF

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

The Constitutional Court stated that the reason behind this cancellation was the possible loss of antecedent rights of the fund members. Following the publication of the verdict, the Turkish Grand National Assembly ("Turkish Parliament") started to work on the new legal arrangements by taking the cancellation reasoning into account and the Articles of the Law No.5754 regulating the principles related with such transfers were accepted and approved by Turkish Parliament on 17 April 2008, and enacted on 8 May 2008 after being published in the Official Gazette No.26870.

As per the Law, the present value of post-employment benefits as at the transfer date for the fund members to be transferred, are to be calculated by a commission composing from the representatives of the SSF, the Ministry of Finance, the Undersecretariat of Treasury, the Undersecretariat of State Planning Organisation, the BRSA, the Savings Deposit Insurance Fund ("SDIF"), the banks and the funds, by using a technical discount rate of 9.80% taking into account the Funds' income and expenses as per insurance classes and the transferable contributions and payments of the funds including any salary and income differences paid by the funds above the limits of SSF for such payments. The transfers are to take place within the three-year period starting from 1 January 2008.

Subsequently, the transfer of the contributors and the persons receiving monthly or regular income and their right-holders from such funds established for employees of the banks, insurance and reinsurance companies, trade chambers, stock markets and unions that are part of these organizations subject to the provisional Article 20 of the Social Security Law No.506 to the SSF, has been postponed for two years. The decision was made by the Council of Ministers on 14 March 2011 and published in the Official Gazette No. 27900 dated 9 April 2011 as per the decision of the Council of Ministers No. 2011/1559, and as per the letter No. 150 of the Ministry of Labor and Social Security dated 24 February 2011 and according to the provisional Article 20 of the Social Security and Public Health Insurance Law No.5510.

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

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

b) Other benefits not transferable to SSF

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

The actuarial gains/losses are recognised under shareholders’ equity as per the revised TAS19.

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

3.18 Insurance technical reserves and technical income and expense

3.18.1 Insurance technical reserves

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

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

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

3.18.2 Insurance technical income and expense

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

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

3.19 Taxation

3.19.1 Corporate tax

While corporate tax which is applied to corporate earnings at the rate of 20% in Turkey, in accordance with the regulation introduced by the Law No. 7316 on the “Procedure for Collection of Public Receivables and the Law Amending Some Laws”, has been determined to be applied as 25% for the corporate earnings for the taxation periods of 2021 and as 23% for the corporate earnings for the taxation periods of 2022, in accordance with the regulation introduced by the Law No. 7394 on the “Law on Evaluation of Immovable Property Owned by the Treasury and Amendment to the Value Added Tax Law” and as per added first sentence to the temporary Article 13 of the Law No. 5520 on the “Corporate Tax Law”, this rate has been determined to be applied as 25% for the corporate earnings for the taxation periods of 2022 for the banks, companies within the scope of Law No. 6361, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies.

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

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

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

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

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

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

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

Tax applications for foreign branches

NORTHERN CYPRUS

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

MALTA

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

Tax applications for foreign financial subsidiaries

THE NETHERLANDS

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

ROMANIA

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

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

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

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

3.19.2 Deferred taxes

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

As stated in Note 3.19.1, while corporate tax has been determined to be applied as 25% for the corporate earnings for the taxation periods of 2021 and as 23% for the corporate earnings for the taxation periods of 2022 in accordance with the regulation introduced by the Law No. 7394 on the “Law on Evaluation of Immovable Property Owned by the Treasury and Amendment to the Value Added Tax Law” and as per added first sentence to the temporary Article 13 of the Law No. 5520 on the “Corporate Tax Law”, this rate has been determined to be applied as 25% for the corporate earnings for the taxation periods of 2022 for the banks, companies within the scope of Law No. 6361, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies. Therefore, as of 30 September 2022, the Bank has calculated deferred tax at the rate of 25% for assets and liabilities (31 December 2021: 23% for the maturity until 2022 and 20% for the maturity after 2022).

If transactions and events are recorded in the income statement, then the related tax effects are also recognized in the income statement. However, if transactions and events are recorded directly in the shareholders’ equity, the related tax effects are also recognized directly in the shareholders’ equity.

The deferred tax assets and liabilities of the Bank and its consolidated subsidiaries are reported as net in their individual financial statements.

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

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

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

3.19.3 Transfer pricing

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

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

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

3.20 Funds borrowed

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

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

3.21 Share and share issuances

If the Bank issues a share at a price above its nominal value, the difference between the issue price and the nominal value is accounted for “share premium” under shareholders’ equity.

3.22 Confirmed bills of exchange and acceptances

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

3.23 Government incentives

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

3.24 Segment reporting

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

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

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

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

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

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

<i>Current Period</i>	Retail Banking	Corporate Banking	Investment Banking	Other	Total Operations
Net Interest Income	12,292,093	17,771,131	22,535,453	5,349,927	57,948,604
Net Fees And Commissions Income	8,093,425	3,566,443	(159,340)	507,677	12,008,205
Dividend Income	-	-	-	67,505	67,505
Net Trading Income/Losses (Net)	400,924	5,494,036	(1,327,526)	3,701,268	8,268,702
Other Operating Income (*)	31,653	549,110	17,166	3,664,035	4,261,964
Expected Credit Losses (*)	(2,561,614)	(8,189,327)	(505,713)	115,096	(11,141,558)
Other Provisions	(196)	-	-	(2,922,861)	(2,923,057)
Personnel and Other Operating Expenses	(8,433,963)	(3,678,208)	(744,253)	(5,587,263)	(18,443,687)
Income/Loss From Investments Under Equity Accounting	-	-	-	718,574	718,574
Net Operating Profit	9,822,322	15,513,185	19,815,787	5,613,958	50,765,252
Provision for Taxes	-	-	-	(12,039,190)	(12,039,190)
Net Profit	9,822,322	15,513,185	19,815,787	(6,425,232)	38,726,062
Segment Assets	179,699,934	471,618,389	416,279,440	153,807,992	1,221,405,755
Investments in Associates and Subsidiaries	-	-	-	2,031,413	2,031,413
Total Assets	179,699,934	471,618,389	416,279,440	155,839,405	1,223,437,168
Segment Liabilities	556,661,233	322,099,450	131,410,240	81,597,849	1,091,768,772
Shareholders' Equity	-	-	-	131,668,396	131,668,396
Total Liabilities and Shareholders' Equity	556,661,233	322,099,450	131,410,240	213,266,245	1,223,437,168

<i>Prior Period</i>	Retail Banking	Corporate Banking	Investment Banking	Other	Total Operations
Net Interest Income	7,417,026	7,365,691	3,349,148	5,730,853	23,862,718
Net Fees And Commissions Income	4,333,330	1,892,759	(94,985)	358,824	6,489,928
Dividend Income	-	-	-	22,813	22,813
Net Trading Income/Losses (Net)	99,989	1,943,615	(6,178,350)	910,694	(3,224,052)
Other Operating Income (*)	249,529	157,969	21,151	1,653,150	2,081,799
Expected Credit Losses (*)	(1,523,127)	(2,989,789)	821,868	(14,787)	(3,705,835)
Other Provisions	-	-	-	(3,333,784)	(3,333,784)
Personnel and Other Operating Expenses	(4,699,088)	(2,015,472)	(259,536)	(3,148,918)	(10,123,014)
Income/Loss From Investments Under Equity Accounting	-	-	-	467,073	467,073
Net Operating Profit	5,877,659	6,354,773	(2,340,704)	2,645,918	12,537,646
Provision for Taxes	-	-	-	(3,023,025)	(3,023,025)
Net Profit	5,877,659	6,354,773	(2,340,704)	(377,107)	9,514,621
Segment Assets	128,579,825	338,318,866	288,773,971	93,638,414	849,311,076
Investments in Associates and Subsidiaries	-	-	-	1,164,524	1,164,524
Total Assets	128,579,825	338,318,866	288,773,971	94,802,938	850,475,600
Segment Liabilities	382,451,220	214,336,989	117,710,797	55,675,739	770,174,745
Shareholders' Equity	-	-	-	80,300,855	80,300,855
Total Liabilities and Shareholders' Equity	382,451,220	214,336,989	117,710,797	135,976,594	850,475,600

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

3.25 Profit reserves and profit appropriation

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

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

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

3.26 Earnings per share

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

	<i>Current Period</i>	<i>Prior Period</i>
Distributable net profit	38,569,816	9,426,571
Average number of issued common shares (thousand)	420,000,000	420,000,000
Earnings per share (amounts presented full TL)	0.09183	0.02244

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

There are no bonus shares issued in 2022 (2021: None).

3.27 Related parties

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

3.28 Cash and cash equivalents

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

3.29 Other disclosures

3.29.1 Changes in prior period financial statements

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

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

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

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

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

30 September 2021	Reported	Correction		Restated
		TAS 27	Classification	
Unconsolidated Financial Associates	-	-	37,475	37,475
Unconsolidated Non-Financial Associates	33,865	981,218	(37,475)	977,608
Total Assets	630,848,420	981,218	-	631,829,638
Other Comprehensive Income/expense Items to be Recycled to Profit/loss	3,278,999	2,620	-	3,281,619
<i>Foreign Currency Conversion Adjustments</i>	<i>6,225,227</i>	<i>2,438</i>	<i>-</i>	<i>6,227,665</i>
<i>Other</i>	<i>(2,463,244)</i>	<i>182</i>	<i>-</i>	<i>(2,463,062)</i>
<i>Prior Periods' Profit/loss</i>	<i>13,283</i>	<i>535,568</i>	<i>-</i>	<i>548,851</i>
Net Profit/Loss	8,983,541	443,030	-	9,426,571
Total Liabilities	630,848,420	981,218	-	631,829,638
Dividend Income	134,097	(111,284)	-	22,813
Other Provisions	(3,421,025)	87,241	-	(3,333,784)
Income/Loss From Investments Under Equity Accounting	-	467,073	-	467,073
Net Profit/Loss	8,983,541	443,030	-	9,426,571

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

The Group reconsidered the amount of "Net Increase (Decrease) in Loans Received" shown under "Changes in Assets and Liabilities Subject to Banking Activities" in the consolidated cash flow statement, and recalculated the cash flows from syndication, securitization and special purpose loans, which it associated with financing activities, classidied as "Net Cash from Financing Activities". In order to comply with the cash flow statement dated 30 September 2022, between the lines of "Net Increase (Decrease) in Loans Received" and "Cash from Loans and Securities Issued" and "Cash Outflow from Loans and Securities Issued" reclassification transactions were made 11,381,188 TL and 797,771 TL, respectively in the cash flow statement dated 30 September 2021.

4 Consolidated Financial Position and Results of Operations and Risk Management

4.1 Consolidated total capital

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

4.1.1 Components of consolidated total capital (*)

	Current Period	Prior Period
COMMON EQUITY TIER I CAPITAL		
Paid-in Capital to be Entitled for Compensation after All Creditors	4,972,554	4,972,554
Share Premium	11,880	11,880
Reserves	63,717,643	51,937,355
Other Comprehensive Income according to TAS	31,498,327	16,899,492
Profit	39,675,618	14,015,592
Current Period's Profit	38,569,816	13,466,741
Prior Periods' Profit	1,105,802	548,851
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	8,433	6,701
Minority Interest	184,080	124,462
Common Equity Tier I Capital Before Deductions	140,068,535	87,968,036
Deductions From Common Equity Tier I Capital		
Valuation adjustments calculated as per the Article 9. (i) of the Regulation on Bank Capital		-
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	7,296,980	6,241,690
Leasehold Improvements on Operational Leases	91,737	98,448
Goodwill Netted with Deferred Tax Liabilities	-	-
Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights	1,087,822	939,500
Net Deferred Tax Asset/Liability	-	-
Differences arise when assets and liabilities not held at fair value, are subjected to cash flow hedge accounting	-	-
Total credit losses that exceed total expected loss calculated according to the Regulation on Calculation of Credit Risk by Internal Ratings Based Approach	-	-
Securitization gains	-	-
Unrealized gains and losses from changes in bank's liabilities' fair values due to changes in creditworthiness	-	-
Net amount of defined benefit plans	-	-
Direct and Indirect Investments of the Bank on its own Tier I Capital	-	-
Shares Obtained against Article 56, Paragraph 4 of the Banking Law	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Mortgage Servicing Rights Exceeding the 10% Threshold of Tier I Capital	-	-
Net Deferred Tax Assets arising from Temporary Differences Exceeding 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	-	-
Total Deductions from Common Equity Tier I Capital	8,476,539	7,279,638
Total Common Equity Tier I Capital	131,591,996	80,688,398
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity Tier I Capital and the Related Share Premiums	-	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	-	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-	-
Shares of Third Parties in Additional Tier I Capital	-	-
Shares of Third Parties in Additional Tier I Capital (Covered by Temporary Article 3)	-	-
Additional Tier I Capital before Deductions	-	-
Deductions from Additional Tier I Capital		
Direct and Indirect Investments of the Bank on its own Additional Tier I Capital	-	-
Investments in Equity Instruments Issued by Banks or Financial Institutions Invested in Bank's Additional Tier I Capital and Having Conditions Stated in the Article 7 of the Regulation	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital (-)	-	-
Other items to be defined by the BRSA (-)	-	-
Items to be Deducted from Tier I Capital During the Transition Period		
Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
Net Deferred Tax Asset/Liability not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
Deduction from Additional Tier I Capital when there is not enough Tier II Capital (-)	-	-
Total Deductions from Additional Tier I Capital	-	-
Total Additional Tier I Capital	-	-
Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)	131,591,996	80,688,398
TIER II CAPITAL		
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	12,069,880	10,822,630
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)		
Provisions (Amounts explained in the first paragraph of the Article 8 of the Regulation on Bank Capital)	9,105,133	6,191,880
Total Deductions from Tier II Capital	21,175,013	17,014,510
Deductions from Tier II Capital		
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-	-
Investments in equity instruments issued by Banks and Financial Institutions Invested in Bank's Tier II Capital and having conditions stated in the Article 8 of the Regulation	-	-

	<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 (-)	-	-
Total Deductions from Tier II Capital	-	-
Total Tier II Capital	21,175,013	17,014,510
Total Equity (Total Tier I and Tier II Capital)	152,767,009	97,702,908
Total Tier I Capital and Tier II Capital (Total Equity)		
Loans Granted against the Articles 50 and 51 of the Banking Law (-)	8	75
Other items to be Defined by the BRSA	-	2,909
Items to be Deducted from the Sum of Tier I and Tier II Capital (Capital) during the Transition Period		
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation	-	-
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation	-	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital, of the Net Deferred Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation	-	-
CAPITAL		
Total Capital (Total of Tier I Capital and Tier II Capital)	152,767,001	97,699,924
Total Risk Weighted Assets	851,558,595	585,131,580
CAPITAL ADEQUACY RATIOS		
Consolidated CET1 Capital Ratio (%)	15.45	13.79
Consolidated Tier I Capital Ratio (%)	15.45	13.79
Consolidated Capital Adequacy Ratio (%)	17.94	16.70
BUFFERS		
Total Additional CET1 Capital Requirement Ratio (a+b+c)	4.14	4.14
a) Capital Conservation Buffer Ratio (%)	2.50	2.50
b) Bank-specific Counter-Cyclical Capital Buffer Ratio (%)	0.14	0.14
c) Systemically Important Banks Buffer Ratio (%)	1.50	1.50
Additional CET1 Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation (%)	9.45	5.79
Amounts Lower Than Excesses as per Deduction Rules		
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital		
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital		
Remaining Mortgage Servicing Rights		
Net Deferred Tax Assets arising from Temporary Differences	6,248,437	4,420,046

	<i>Current Period</i>	<i>Prior Period</i>
Limits for Provisions Used in Tier II Capital Calculation		
General Loan Provisions for Exposures in Standard Approach (before limit of one hundred and twenty five per ten thousand)	26,999,864	19,206,297
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	9,105,133	6,191,880
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach	-	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0.6% Risk Weighted Assets	-	-
Debt Instruments Covered by Temporary Article 4 (effective between 1.1.2018-1.1.2022)		
Upper Limit for Additional Tier I Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-
Upper Limit for Additional Tier II Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-

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

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

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

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

4.1.2 Items included in capital calculation

<i>Current Period</i>		<i>Information about instruments included in total capital calculation</i>	
Issuer	T. Garanti Bankası A.Ş.	T. Garanti Bankası A.Ş.	T. Garanti Bankası A.Ş.
Identifier (CUSIP, ISIN vb.)	Reg S: ISIN: XS1617531063 Common Code: 161753106 144A: CUSIP: 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.
<i>Regulatory treatment</i>			
Subject to 10% deduction as of 1/1/2015	No	No	No
Eligible on unconsolidated and /or consolidated basis	Eligible on unconsolidated and consolidated	Eligible on unconsolidated and consolidated	Eligible on unconsolidated and consolidated
Instrument type	Subordinated debt instruments (Notes)	Subordinated debt instruments (Notes)	Subordinated debt instruments (Notes)
Amount recognized in regulatory capital (Currency in TL million, as of most recent reporting date)	10,910 (31 December 2021: 9,820)	253 (31 December 2021: 253)	750 (31 December 2021: 750)
Nominal value of instrument (TL million)	10,910 (31 December 2021: 9,820)	253 (31 December 2021: 253)	750 (31 December 2021: 750)
Accounting classification of the instrument	34701 – Secondary Subordinated Loans	34601– Secondary Subordinated Loans	34601– Secondary Subordinated Loans
Issuance date of instrument	23.05.2017	09.10.2019	14.02.2020
Maturity structure of the instrument (demand/time)	Time	Time	Time
Original maturity of the instrument	24.05.2027	07.10.2029	14.02.2030
Issuer call subject to prior supervisory (BRSA) approval	None	Yes	Yes
Optional call date, contingent call dates and redemption amount	-	07.10.2024 – TL 252,880,000	14.02.2025 – TL 750,000,000
Subsequent call dates, if applicable	-	-	-
<i>Interest/dividend payment</i>			
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.

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	22,873,498	1,336,282	24,209,780	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>	3,007,962	-	3,007,962	
<i>Other Comprehensive Income/Expense Items to be Recycled to Profit/Loss</i>	19,865,536	1,336,282	21,201,818	Items not included in the calculation as per Regulation's Article 9-1-f
Profit Reserves	63,717,643	-	63,717,643	
Profit or Loss	39,675,618	-	39,675,618	
<i>Prior Periods' Profit/Loss</i>	1,105,802	-	1,105,802	
<i>Current Period Net Profit/Loss</i>	38,569,816	-	38,569,816	
Minority Interest	417,203	(233,123)	184,080	Items are calculated as per Regulation's Article 12
Deductions from Common Equity Tier I Capital (-)	-		1,179,559	Deductions from Common Equity Tier 1 Capital as per the Regulation
Common Equity Tier I Capital	131,668,396		131,591,996	
Subordinated Debts			-	
Deductions from Tier I Capital (-)			-	Deductions from Tier 1 Capital as per the Regulation
Tier I Capital			131,591,996	
Subordinated Debts			12,069,880	
12 Month ECL (Stage 1) and Lifetime ECL Significant Increase in Credit Risk (Stage 2)			9,105,133	Stage 1 and Stage 2 expected credit losses added to Tier II Capital as per the Regulation's Article 8
Deductions from Tier II Capital (-)			-	Deductions from Tier II Capital as per the Regulation
Tier II Capital			21,175,013	
Deductions from Total Capital (-)			8	Deductions from Capital as per the Regulation
Total			152,767,001	

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

<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>	<i>772,554</i>	<i>(772,554)</i>	-	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>	<i>11,880</i>	-	<i>11,880</i>	
Other Comprehensive Income/Expenses in Shareholders' Equity as per TMS	9,043,958	1,620,545	10,664,503	Items not included in the calculation as per Regulation's Article 9-1-f and Gain on sale of associate/subsidiaries' shares and real estate classified as different in the value of the capital report
<i>Other Comprehensive Income/Expense Items not to be Recycled to Profit/Loss</i>	<i>1,852,255</i>	-	<i>1,852,255</i>	
<i>Other Comprehensive Income/Expense Items to be Recycled to Profit/Loss</i>	<i>7,191,703</i>	<i>1,620,545</i>	<i>8,812,248</i>	Items not included in the calculation as per Regulation's Article 9-1-f
Profit Reserves	51,937,355	-	51,937,355	
Profit or Loss	14,015,592	-	14,015,592	
<i>Prior Periods' Profit/Loss</i>	<i>548,851</i>	-	<i>548,851</i>	
<i>Current Period Net Profit/Loss</i>	<i>13,466,741</i>	-	<i>13,466,741</i>	
Minority Interest	319,516	(195,054)	124,462	Items are calculated as per Regulation's Article 12
Deductions from Common Equity Tier I Capital (-)	-		1,037,948	Deductions from Common Equity Tier 1 Capital as per the Regulation
Common Equity Tier I Capital	80,300,855		80,688,398	
Subordinated Debts			-	
Deductions from Tier I Capital (-)			-	Deductions from Tier 1 Capital as per the Regulation
Tier I Capital			80,688,398	
Subordinated Debts			10,822,630	
12 Month ECL (Stage 1) and Lifetime ECL Significant Increase in Credit Risk (Stage 2)			6,191,880	Stage 1 and Stage 2 expected credit losses added to Tier II Capital as per the Regulation's Article 8
Deductions from Tier II Capital (-)			-	Deductions from Tier II Capital as per the Regulation
Tier II Capital			17,014,510	
Deductions from Total Capital (-)			2,984	Deductions from Capital as per the Regulation
Total			97,699,924	

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 September 2022, the Bank and its financial subsidiaries’ net ‘on balance sheet’ foreign currency open position amounts to TL 54,345,050 (31 December 2021: TL 71,043,420), net ‘off-balance sheet’ foreign currency close position amounts to TL 80,705,861 (31 December 2021: TL 88,349,221), while net foreign currency close position amounts to TL 26,360,811 (31 December 2021: TL 17,305,801).

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

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

	EUR	USD
The Bank’s foreign currency purchase rate at balance sheet date	18.0690	18.4450
<u>Foreign currency rates for the days before balance sheet date:</u>		
Day 1	18.0170	18.4500
Day 2	17.7610	18.4520
Day 3	17.7000	18.4040
Day 4	17.7280	18.3760
Day 5	17.7810	18.3220
Last 30-days arithmetical average rate	18.0396	18.2013

The Bank's consolidated currency risk

	EUR	USD	Other FCs	Total
Current Period				
Assets				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	28,001,881	66,823,827	26,137,388	120,963,096
Banks	36,484,492	45,125,381	21,034,173	102,644,046
Financial Assets Measured at Fair Value through Profit/Loss	103,108	1,512,413	-	1,615,521
Money Market Placements	1,934,829	33,932,328	-	35,867,157
Financial Assets Measured at Fair Value through Other Comprehensive Income	7,819,501	12,911,425	2,537,178	23,268,104
Loans (*)	120,684,616	129,255,178	22,009,536	271,949,330
Investments in Associates, Subsidiaries and Joint-Ventures	11,111	-	62,280	73,391
Financial Assets Measured at Amortised Cost	365,838	41,380,017	2,484,981	44,230,836
Derivative Financial Assets Held for Hedging Purpose	243,382	1,265,214	-	1,508,596
Tangible Assets	550,106	383	315,841	866,330
Intangible Assets (**)	-	-	-	-
Other Assets (***)	434,064	6,673,378	(11,940)	7,095,502
Total Assets	196,632,928	338,879,544	74,569,437	610,081,909
Liabilities				
Bank Deposits	2,268,896	1,930,466	710,027	4,909,389
Foreign Currency Deposits	164,292,582	276,303,306	35,726,484	476,322,372
Money Market Funds	5,346,418	1,820,028	391	7,166,837
Other Fundings	19,862,317	26,482,224	1,265,760	47,610,301
Securities Issued (****)	967,582	58,367,614	168,877	59,504,073
Miscellaneous Payables	3,948,232	4,390,391	342,666	8,681,289
Derivative Financial Liabilities Held for Hedging Purpose	-	-	-	-
Other Liabilities (*****)	3,299,496	14,137,709	42,795,493	60,232,698
Total Liabilities	199,985,523	383,431,738	81,009,698	664,426,959
Net 'On Balance Sheet' Position	(3,352,595)	(44,552,194)	(6,440,261)	(54,345,050)
Net 'Off-Balance Sheet' Position	14,528,825	53,339,391	12,837,645	80,705,861
Derivative Assets	38,715,281	144,815,658	39,002,164	222,533,103
Derivative Liabilities	24,186,456	91,476,267	26,164,519	141,827,242
Non-Cash Loans	-	-	-	-
Prior Period				
Total Assets	169,414,297	232,150,225	47,117,890	448,682,412
Total Liabilities	160,312,584	298,453,338	60,959,910	519,725,832
Net 'On Balance Sheet' Position	9,101,713	(66,303,113)	(13,842,020)	(71,043,420)
Net 'Off-Balance Sheet' Position	49,280	69,118,019	19,181,922	88,349,221
Derivative Assets	26,176,321	127,291,816	22,185,274	175,653,411
Derivative Liabilities	26,127,041	58,173,797	3,003,352	87,304,190
Non-Cash Loans	-	-	-	-

(*) The foreign currency-indexed loans amounting TL 217,998 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 41,969,503 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>	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing (*)	Total
Assets							
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	8,342,050	-	-	-	-	141,761,779	150,103,829
Banks	33,273,235	59,291	2,038	40,625	-	71,450,755	104,825,944
Financial Assets Measured at Fair Value through Profit/Loss	2,285,801	447,204	566,708	1,301,634	109,316	721,487	5,432,150
Money Market Placements	32,295,575	6,085,695	-	-	-	46,831	38,428,101
Financial Assets Measured at Fair Value through Other Comprehensive Income	2,066,185	11,911,408	17,690,188	17,503,618	4,091,259	30,871,921	84,134,579
Loans	217,916,540	135,003,718	184,591,373	115,055,828	36,104,537	20,824,927	709,496,923
Financial Assets Measured at Amortised Cost	3,223,914	5,064,379	13,444,231	52,802,731	6,079,474	17,475,458	98,090,187
Other Assets (**)	27,679	230,211	157,353	122,297	23,702	32,364,213	32,925,455
Total Assets	299,430,979	158,801,906	216,451,891	186,826,733	46,408,288	315,517,371	1,223,437,168
Liabilities							
Bank Deposits	874,392	873,441	7,297	87,321	-	3,778,371	5,620,822
Other Deposits	281,796,440	135,142,936	50,737,487	5,230,370	542	377,697,779	850,605,554
Money Market Funds	6,905,168	1,266,184	7,143,260	238,871	-	64,521	15,618,004
Miscellaneous Payables	-	-	-	-	-	44,888,673	44,888,673
Securities Issued (***)	6,914,687	2,637,316	10,075,938	20,115,047	21,653,815	760,598	62,157,401
Other Fundings	4,432,446	37,701,493	6,821,571	2,676,446	-	177,879	51,809,835
Other Liabilities	26,955	66,305	191,600	639,161	165,209	191,647,649	192,736,879
Total Liabilities	300,950,088	177,687,675	74,977,153	28,987,216	21,819,566	619,015,470	1,223,437,168
On Balance Sheet Long Position	-	-	141,474,738	157,839,517	24,588,722	-	323,902,977
On Balance Sheet Short Position	(1,519,109)	(18,885,769)	-	-	-	(303,498,099)	(323,902,977)
Off-Balance Sheet Long Position	42,807,988	68,467,981	21,729,939	30,136,725	29,130,956	-	192,273,589
Off-Balance Sheet Short Position	(25,720,776)	(53,752,417)	(30,215,933)	(51,173,095)	(30,757,829)	-	(191,620,050)
Total Position	15,568,103	(4,170,205)	132,988,744	136,803,147	22,961,849	(303,498,099)	653,539

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

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

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

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

4.4.2 Average interest rates on monetary financial instruments (%)

<i>Current Period</i>	EURO	USD	JPY	TL
Assets				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	(2.93)	(2.71)	-	-
Banks	0.01-0.75	2.90-3.08	-	6.00-25.00
Financial Assets at Fair Value through Profit/Loss	5.55	3.88-7.45	-	14.94
Money Market Placements	0.30-0.50	2.58	-	13.49
Financial Assets Measured at Fair Value through Other Comprehensive Income	2.38-4.63	4.38-11.88	-	18.60-43.07
Loans (*)	0.20-16.50	1.77-17.76	-	10.72-25.42
Financial Assets Measured at Amortised Cost	4.11	5.89	-	33.35
Liabilities			-	
Bank Deposits	0.30-1.75	0.25	-	14.14
Other Deposits	(0.75)-1.80	0.73-4.00	-	10.00-16.00
Money Market Fundings	0.75	2.24-2.62	-	7.90-31.00
Miscellaneous Payables	-	-	-	-
Securities Issued	5.27	6.61	-	16.75-28.00
Other Fundings	0.68-8.71	1.66-10.40	-	8.56-35.20

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

(*) Lease receivables and factoring receivables are included.

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>		Comparison		
Equity Securities (shares)		Carrying Value	Fair Value	Market Value
1	Investment in Shares- Grade A	2,003,972	-	-
	Quoted Securities	-	-	-
2	Investment in Shares- Grade B	25,557	-	-
	Quoted Securities	-	-	-
3	Investment in Shares- Grade C	822	-	-
	Quoted Securities	-	-	-
4	Investment in Shares- Grade D	-	-	-
	Quoted Securities	-	-	-
5	Investment in Shares- Grade E	1,014	-	-
	Quoted Securities	-	-	-
6	Investment in Shares- Grade F	48	-	-
	Quoted Securities	-	-	-

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

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

<i>Current Period</i>		Revaluation Surpluses		Unrealized Gains and Losses		
Portfolio		Gains/Losses in Current Period	Total	Amount in Tier I Capital	Total	Amount in Core Capital
1	Private Equity Investments	-	-	-	-	-
2	Quoted Shares	-	-	-	73,196	-
3	Other Shares	-	(78,639)	(78,639)	-	-
	Total	-	(78,639)	(78,639)	73,196	-

<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	-	-	-	43,051	-	43,051
3	Other Shares	-	28,973	28,973	-	-	-
	Total	-	28,973	28,973	43,051	-	43,051

4.5.4 Capital requirement as per equity shares

	Current Period			
	Portfolio	Carrying Value	RWA Total	Minimum Capital Requirement
1	Private Equity Investments	-	-	-
2	Quoted Shares	-	-	-
3	Other Shares	2,031,413	1,884,701	150,776
	Total	2,031,413	1,884,701	150,776

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

4.6 Liquidity risk management and consolidated liquidity coverage ratio

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

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

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

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

Head of Risk management defines the Bank's liquidity risk, measures and monitors the risks with liquidity risk measurement methods that are in compliance with international standards, presents measurement results periodically to related departments, committees and senior management.

Head of Risk management coordinates related parties in order to ensure compliance of risk management process in accordance with the Bank's risk profile, operation environment and strategic plan with regulations. Head of Risk management analyses, develops and revises relevant liquidity risk measurement in accordance with changing market conditions and the Bank's structure. Head of Risk Management department reviews assumptions and parameters used in liquidity risk analysis.

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

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

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

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

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

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

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

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

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

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

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

The Bank’s liabilities consist of TL and foreign currency funding, of which a large portion is USD/EUR and Gold. Deposits and capital constitute most of TL funding. Retail customers cannot use foreign currency loans but are able to purchase FX for foreign currency deposits, leading to imbalances in deposit and loan volumes in the TL and FC balance sheet.. Long term funding obtained from foreign banks and creditors are mainly in foreign currency. For these reasons overall foreign currency liabilities are usually more than foreign currency assets and unused portion of USD, EURO and gold are used in TL funding via currency swap transactions. Swap transactions which is made for TL funding are made with CBRT, however swap transactions with foreign banks are being made in legal swap limits. Repo lines by open market operations and Borsa Istanbul (“OMO / BİST”) are not utilized , unused limits and high quality liquid asset stock is held is kept to use in the case of a liquidity scarcity in market. Also Eurobonds of Republic of Turkey aren’t used to secure funding and kept as reserve to use in the case of a foreign currency liquidity scarcity in market. In TL and foreign currency liquidity management, regulatory ratios, internally set warnings, limits and other liquidity and funding metrics are monitored. During the third quarter of 2022, The Bank turned to sticky consumer deposits to increase of weights Consumer/SME deposits in TL deposits which significantly contributes to liquidity metrics such as the internal stress test.

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

4.6.1 Liquidity coverage ratio

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

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

High quality liquid assets consist of cash, deposits in central banks and securities considered as high quality liquid assets. Reserve deposits are included in high quality liquid assets, limited by the amount that is allowed by central bank to use in liquidity shortages. High quality liquid assets are composed of 6.55 % cash, 45.23 % deposits in central banks and 48.22 % securities considered as high quality liquid assets.

The Bank's main funding sources are deposits, funds borrowed, money market borrowings and securities issued. Consolidated funding source composition as of report date is 83.07 % deposits, 6.54 % funds borrowed and money market borrowings, 6.03 % securities issued and 4.36 % 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.

<i>Current Period</i>		Total Unweighted Value (Average) (*)		Total Weighted Value (Average) (*)	
		TL+FC	FC	TL+FC	FC
High-Quality Liquid Assets				321,769,059	189,975,553
1	Total high-quality liquid assets (HQLA)	322,570,226	189,982,169	321,769,059	189,975,553
Cash Outflows					
2	Retail deposits and deposits from small business customers, of which:	545,379,002	339,766,894	50,948,326	33,865,643
3	Stable deposits	71,791,477	2,220,931	3,589,574	111,047
4	Less stable deposits	473,587,525	337,545,963	47,358,752	33,754,596
5	Unsecured wholesale funding, of which:	247,112,660	158,194,899	122,594,726	76,116,029
6	Operational deposits	-	-	-	-
7	Non-operational deposits	205,637,950	144,156,288	91,618,046	64,175,964
8	Unsecured funding	41,474,710	14,038,611	30,976,680	11,940,065
9	Secured wholesale funding	6,427,833	85,365	195,569	-
10	Other cash outflows of which:	333,903,511	111,521,503	51,507,272	40,964,732
11	Outflows related to derivative exposures and other collateral requirements	19,296,594	26,457,461	19,296,594	26,457,461
12	Outflows related to restructured financial instruments	-	-	-	-
13	Payment commitments and other off-balance sheet commitments granted for debts to financial markets	314,606,917	85,064,042	32,210,678	14,507,271
14	Other revocable off-balance sheet commitments and contractual obligations	9,718,259	8,021,278	485,913	401,064
15	Other irrevocable or conditionally revocable off-balance sheet obligations	37,967,445	36,775,296	1,898,372	1,838,764
16	Total Cash Outflows	1,180,508,710	654,365,235	227,630,178	153,186,232
Cash Inflows				-	-
17	Secured receivables	58,205	-	-	-
18	Unsecured receivables	113,041,193	57,355,593	79,217,701	44,012,766
19	Other cash inflows	2,741,568	70,438,685	2,593,370	70,360,610
20	Total Cash Inflows	115,840,966	127,794,278	81,811,071	114,373,376
				Upper Limit Applied Values	
21	Total HQLA			321,769,059	189,975,553
22	Total Net Cash Outflows			145,819,107	41,255,993
23	Liquidity Coverage Ratio (%)			221.30%	450.72%

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

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

Period	TL+FC	FC
31 July 2022	224.67%	455.16%
31 August 2022	221.29%	411.74%
30 September 2022	217.94%	485.25%

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

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

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

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

4.6.2 Maturity analysis of liabilities according to remaining maturities

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed	Total
Current Period								
Assets								
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank	48,111,269	97,458,751	4,533,809	-	-	-	-	150,103,829
Banks	74,014,805	28,459,880	514,506	40,655	1,733,470	59,593	3,035	104,825,944
Financial Assets at Fair Value through Profit/Loss	2,832,442	1,062	139,640	585,844	1,678,445	181,963	12,754	5,432,150
Money Market Placements	-	32,313,463	6,114,638	-	-	-	-	38,428,101
Financial Assets Measured at Fair Value through Other Comprehensive Income	848,945	155,362	2,614,881	15,658,437	43,792,606	21,064,348	-	84,134,579
Loans	911,594	112,717,967	116,060,985	210,560,408	181,770,205	56,874,213	30,601,551	709,496,923
Financial Assets Measured at Amortised Cost	-	6,535,260	204,723	6,776,089	70,597,256	13,976,611	248	98,090,187
Other Assets (*)	16,439,085	6,128,034	1,657,010	2,335,432	3,944,208	3,042,118	(620,432)	32,925,455
Total Assets	143,158,140	283,769,779	131,840,192	235,956,865	303,516,190	95,198,846	29,997,156	1,223,437,168
Liabilities								
Bank Deposits	3,772,995	877,590	875,615	7,301	87,321	-	-	5,620,822
Other Deposits	402,138,141	259,751,880	135,287,563	49,237,628	4,167,944	22,398	-	850,605,554
Other Fundings	-	10,009,028	21,388,284	14,829,681	4,293,656	1,289,186	-	51,809,835
Money Market Funds	-	6,935,266	1,348,681	4,045,019	3,289,038	-	-	15,618,004
Securities Issued (**)	-	701,632	530,966	12,573,785	23,404,760	24,813,441	132,817	62,157,401
Miscellaneous Payables	42,570,152	588,410	113,728	120,113	6,748	317	1,489,205	44,888,673
Other Liabilities (***)	11,891,299	4,294,742	3,836,288	2,280,425	3,870,586	8,552,219	158,011,320	192,736,879
Total Liabilities	460,372,587	283,158,548	163,381,125	83,093,952	39,120,053	34,677,561	159,633,342	1,223,437,168
Liquidity Gap	(317,214,447)	611,231	(31,540,933)	152,862,913	264,396,137	60,521,285	(129,636,186)	-
Net Off-Balance Sheet Position	(106)	(1,589,200)	370,959	671,088	(611,401)	162,187	-	(996,473)
Derivative Financial Assets	41,220	156,925,634	58,507,946	19,833,447	22,252,056	2,386,345	-	259,946,648
Derivative Financial Liabilities	41,326	158,514,834	58,136,987	19,162,359	22,863,457	2,224,158	-	260,943,121
Non-Cash Loans	361	72,985,091	11,996,371	5,088,431	13,223,191	2,021,276	361,683,792	466,998,513
Prior Period								
Total Assets	130,403,443	190,329,990	71,068,472	155,828,079	216,680,848	74,329,238	11,835,530	850,475,600
Total Liabilities	326,286,800	235,411,557	57,148,234	63,352,219	31,605,980	38,424,310	98,246,500	850,475,600
Liquidity Gap	(195,883,357)	(45,081,567)	13,920,238	92,475,860	185,074,868	35,904,928	(86,410,970)	-
Net Off-Balance Sheet Position	-	6,407,754	1,459,290	768,271	968,276	(617,784)	-	8,985,807
Derivative Financial Assets	-	145,750,057	39,457,741	16,303,512	10,984,895	2,139,677	-	214,635,882
Derivative Financial Liabilities	-	139,342,303	37,998,451	15,535,241	10,016,619	2,757,461	-	205,650,075
Non-Cash Loans	-	24,010,835	9,559,544	2,948,144	9,011,501	945,538	228,057,449	274,533,011

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

(**) Includes subordinated securities issued and financial liabilities measured at FVTPL.

(***) Shareholders' Equity is included in "Other Liabilities" line under "Undistributed" column.

4.6.3 Contractual maturity analysis of liabilities according to remaining maturities

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

4.7 Consolidated leverage ratio

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

The Bank’s consolidated leverage ratio calculated by taking average of end of month leverage ratios for the last three-month periods, is 7.60% (31 December 2021: 7.02%). While the capital increased by 61.73% mainly as a result of increase in net profits, total risk amount increased by 48.33%. Therefore, the current period leverage ratio increased by 58 basis points compared to prior period.

		<i>Current Period^(***)</i>	<i>Prior Period^(***)</i>
1	Total assets in consolidated financial statements prepared in accordance with Turkish Accounting Standards ^(*) ^(**)	851,568,850	609,497,285
2	The difference between total assets prepared in accordance with Turkish Accounting Standards ^(*) and total assets in consolidated financial statements prepared in accordance with the Communiqué “Preparation of Consolidated Financial Statements” ^(**)	(2,171,539)	(1,710,160)
3	The difference between the amounts of derivative financial instruments and credit derivatives in consolidated financial statements prepared in accordance with the Communiqué “Preparation of Consolidated Financial Statements” and risk amounts of such instruments	(38,183,921)	(31,805,736)
4	The difference between the amounts of securities or commodity financing transactions in consolidated financial statements prepared in accordance with the Communiqué “Preparation of Consolidated Financial Statements” and risk amounts	97,269,115	59,248,686
5	The difference between the amounts of off-balance items in consolidated financial statements prepared in accordance with the Communiqué “Preparation of Consolidated Financial Statements” and risk amounts of such items	2,557,962	5,744,892
6	Other differences between the amounts in consolidated financial statements prepared in accordance with the Communiqué “Preparation of Consolidated Financial Statements” and risk amounts of such items	-	-
7	Total risk amount	1,605,705,736	1,082,551,995

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

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

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

		<i>Current Period^(*)</i>	<i>Prior Period^(*)</i>
On-balance sheet assets			
1	On-balance sheet items (excluding derivative financial instruments and credit derivatives but including collateral)	1,125,540,707	780,302,195
2	(Assets deducted in determining Tier I capital)	(1,152,784)	(936,855)
3	Total on-balance sheet risks (sum of lines 1 and 2)	1,124,387,923	779,365,340
Derivative financial instruments and credit derivatives			
4	Replacement cost associated with all derivative financial instruments and credit derivatives	10,921,645	18,547,128
5	Add-on amounts for PFE associated with all derivative financial instruments and credit derivatives	40,391,468	31,892,328
6	Total risks of derivative financial instruments and credit derivatives (sum of lines 4 and 5)	51,313,113	50,439,456
Securities or commodity financing transactions (SCFT)			
7	Risks from SCFT assets (excluding on-balance sheet)	2,291,064	2,020,270
8	Risks from brokerage activities related exposures	-	-
9	Total risks related with securities or commodity financing transactions (sum of lines 7 and 8)	2,291,064	2,020,270
Other off-balance sheet transactions			
10	Gross notional amounts of off-balance sheet transactions	430,271,598	256,471,821
11	(Adjustments for conversion to credit equivalent amounts)	(2,557,962)	(5,744,892)
12	Total risks of off-balance sheet items (sum of lines 10 and 11)	427,713,636	250,726,929
Capital and total risks			
13	Tier I capital	122,063,348	75,471,876
14	Total risks (sum of lines 3, 6, 9 and 12)	1,605,705,736	1,082,551,995
Leverage ratio			
15	Leverage ratio	7.60%	7.02%

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

4.8 Fair values of financial assets and liabilities

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

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

None.

4.10 Risk management objectives and policies

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

4.10.1 Risk management strategy and weighted amounts

4.10.1.1 Risk management strategy

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

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

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

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

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

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

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

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

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

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

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

- An overview, with a detailed analysis of core business lines, critical economic functions as well as its interconnectedness.
- A detailed explanation of the specific governance arrangements relating to the recovery plan, comprising its development, approval and integration in the overall corporate governance of the Bank.
- A description of the decision-making process regarding the potential adoption of recovery measures, underscoring the escalation process and the role of indicators in this process.
- An identification of feasible recovery actions to be potentially adopted in order to restore the Recovery Plan indicators such as liquidity, solvency (capital), profitability etc., following a substantial deterioration that has potentially led to the implementation of recovery measures. This identification should be accompanied by a financial assessment of each measure, their legal and operational requirements, their potential obstacles, and their time for implementation and, in a second step, their feasibility in different scenarios of financial stress.
- A reference to the communication plan to address both internal and external communication.

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

4.10.1.2 Risk weighted amounts

		Risk Weighted Amounts		Minimum Capital Requirements
		Current Period	Prior Period	Current Period
1	Credit risk (excluding counterparty credit risk) (CCR) (*)	716,608,872	468,569,200	57,328,710
2	Of which standardised approach (SA)	716,608,872	468,569,200	57,328,710
3	Of which internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	11,687,189	26,751,943	934,975
5	Of which standardised approach for counterparty credit risk (SA-CCR)	11,687,189	26,751,943	934,975
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	114,616	29,268	9,169
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	51,496,250	34,619,138	4,119,700
17	Of which standardised approach (SA)	51,496,250	34,619,138	4,119,700
18	Of which internal model approaches (IMM)	-	-	-
19	Operational risk	71,651,668	55,162,031	5,732,133
20	Of which basic indicator approach	71,651,668	55,162,031	5,732,133
21	Of which standardised approach	-	-	-
22	Of which advanced measurement approach	-	-	-
23	Amounts below the thresholds for deduction from capital (subject to 250% risk weight)	-	-	-
24	Floor adjustment	-	-	-
25	Total (1+4+7+8+9+10+11+12+16+19+23+24)	851,558,595	585,131,580	68,124,687

(*) 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

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

4.10.4 Consolidated counterparty credit risk

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

4.10.5 Consolidated securitisations

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

4.10.6 Consolidated market risk

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

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

	Current Period		Prior Period	
	TP	FC	TP	FC
Cash in TL/Foreign Currency	3,340,661	18,445,941	1,916,282	14,818,119
Central Bank of Turkey	25,800,072	97,493,197	11,613,904	91,085,992
Others	-	5,023,958	-	4,489,337
Total	29,140,733	120,963,096	13,530,186	110,393,448

Balances with the Central Bank of Turkey

	Current Period		Prior Period	
	TP	FC	TP	FC
Unrestricted Demand Deposits	21,266,263	34,446	11,613,904	32,119,361
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	4,533,809	97,458,751	-	58,966,631
Total	25,800,072	97,493,197	11,613,904	91,085,992

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

According to the Communiqué on Required Reserves published in the Official Gazette dated July 1, 2021 and numbered 31528, the facility for maintain Turkish lira reserve requirements in foreign currency was terminated as of October 1, 2021.

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

Within the scope of the Communiqué No. 2021/14 on Supporting the Conversion of TL Deposit and Participation Accounts, as of September 2, 2022, the conversion rate for TL time deposit accounts and foreign currency deposit accounts in USD, EUR and GBP; Banks with a ratio of less than 10% for real and legal persons will establish an additional 5 points, and an additional 3 points for banks with a foreign deposit reserve requirement ratio between 10% (inclusive) and 20%, starting from the first required reserve establishment period following the calculation period. It has been decided not to apply an annual DTH commission to the banks that reach 20% for real and legal persons, up to the amount that should be kept for their liabilities until the end of 2022. The practice of charging double commission from banks that could not reach the conversion rate determined as of September 2, 2022 was canceled, and the commission rate was increased from 1.5% to 5% as of the commitment date of 8 July 2022.

In addition to the 5% commission rate applied to foreign currency deposits as of the obligation date of September 2, 2022, a commission application has been introduced according to the Turkish lira share of the deposit. It has been decided to charge a commission of 3% over the required reserve amount (excluding foreign banks) for foreign currency deposit liabilities, excluding banks whose Turkish Lira share is above 50% separately for real and legal persons.

5.1.1.2 Banks

	Current Period		Prior Period	
	TP	FC	TP	FC
Banks				
Domestic banks	1,834,348	681,642	860,874	372,686
Foreign banks	347,550	101,962,404	489,746	57,480,237
Foreign head office and branches	-	-	-	-
Total	2,181,898	102,644,046	1,350,620	57,852,923

The placements at foreign banks include blocked accounts amounting TL 17,946,088 (31 December 2021: TL 20,499,346) of which TL 6,199,135 (31 December 2021: TL 5,937,765) kept at the central banks of Malta, TL 550,985 (31 December 2021: TL 368,848) kept at Turkish Republic of Northern Cyprus and TL 11,195,968 (31 December 2021: TL 14,192,733) kept at various banks as collateral.

Furthermore, there are restricted deposits at various domestic banks amounting TL 649,772 (31 December 2021: TL 566,270) as required for insurance activities.

Due from foreign banks

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

5.1.1.3 Receivables from reserve repo transactions

	Current Period		Prior Period	
	TL	FC	TL	FC
Domestic Transactions	2,560,944	-	30,560,571	-
Central Bank of Turkey	-	-	-	-
Banks	2,452,904	-	30,235,884	-
Others	108,040	-	324,687	-
Foreign Transactions	-	35,867,157	-	3,347,068
Central banks	-	-	-	-
Banks	-	35,867,157	-	3,347,068
Others	-	-	-	-
Total	2,560,944	35,867,157	30,560,571	3,347,068

5.1.1.4 Expected credit losses for cash and cash equivalents

Current Period	Stage 1	Stage 2	Stage 3	Total
Balances at Beginning of Period	237,052	-	-	237,052
Additions during the Period (+)	1,756,813	12,716	-	1,769,529
Disposal (-)	(1,533,791)	(12,267)	-	(1,546,058)
Transfer to Stage1	-	-	-	-
Transfer to Stage 2	(15)	15	-	-
Transfer to Stage 3	-	-	-	-
Foreign Currency Differences	61,310	2,442	-	63,752
Balances at End of Period	521,369	2,906	-	524,275

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

5.1.2 Financial assets at fair value through profit/loss

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Collateralised/Blocked Assets	-	559,386	207,113	346,809
Assets Subject to Repurchase Agreements	-	-	-	-
Total	-	559,386	207,113	346,809

5.1.2.2 Financial assets measured at fair value through profit or loss

	Current Period		Prior Period	
	TL	FC	TL	FC
Government Securities	1,316,774	1,048,703	1,022,981	726,919
Equity Securities	2,499,012	80,162	1,027,247	99,701
Other Financial Assets (*)	843	486,656	841	4,961,344
Total	3,816,629	1,615,521	2,051,069	5,787,964

(*)As of 31 March 2022, 192.500.000.000 Group A registered shares representing 55% of the share capital of Türk Telekomünikasyon A.Ş. owned by LYY Telekomünikasyon A.Ş. were sold to the Turkey Wealth Fund, and as a result of the collection made from the sale amount, the portion of the related loan amounting to USD 324,997,068, corresponding to the Bank's share, was closed. In addition, the loan receivables of the related loan amounting to USD 459,033,539 (TL 7,576,349) has been transferred as non-performing loans and has been written-down at the same time as of 30 June 2022 as stated in Note 3.8.5 in accordance with "the amendment with respect to the regulation on the Principles and Procedures Regarding the Classification of Loans and Reserves Set Aside for These Loans". As of 30 September 2022, the written-down loan receivables have been written off.

5.1.3 Financial assets measured at fair value through other comprehensive income

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Collateralised/Blocked Assets	22,870,741	3,565,692	6,087,520	7,093,000
Assets subject to Repurchase Agreements	-	1,822,845	3,164,455	1,934,356
Total	22,870,741	5,388,537	9,251,975	9,027,356

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

	Current Period	Prior Period
Debt Securities	55,352,809	47,354,108
Quoted at Stock Exchange	55,352,809	47,354,108
Unquoted at Stock Exchange	-	-
Common Shares/Investment Fund	13,009	11,492
Quoted at Stock Exchange	4,491	4,491
Unquoted at Stock Exchange	8,518	7,001
Value Increase/Impairment Losses (-)	28,768,761	8,380,698
Total	84,134,579	55,746,298

Expected losses of TL 180,080 (31 December 2021: TL 52,353) are accounted under shareholders' equity for financial assets measured at fair value through other comprehensive income.

5.1.4 Derivative financial assets

5.1.4.1 Positive differences on derivative financial assets measured at FVTPL

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	240,956	135,651	815,864	28,818
Swap Transactions	4,983,222	5,334,963	13,545,112	2,312,911
Futures	-	19	-	-
Options	82,997	296,503	127,147	49,460
Others	-	970	-	585
Total	5,307,175	5,768,106	14,488,123	2,391,774

5.1.4.2 Positive differences on derivative financial instruments held for hedging purpose

Derivative Financial Assets Held for Hedging Purpose	Current Period		Prior Period	
	TL	FC	TL	FC
Fair Value Hedges	-	336,459	24,699	-
Cash Flow Hedges	388,961	1,176,291	785,592	99,881
Net Foreign Investment Hedges	-	-	-	-
Total	388,961	1,512,750	810,291	99,881

As of 30 September 2022, the face values and the net fair values, recognised in the balance sheet, of the derivative financial instruments held for hedging purpose, are summarized below:

	Current Period			Prior Period		
	Face Value	Asset	Liability	Face Value	Asset	Liability
Interest Rate Swaps	61,878,519	1,477,665	21,859	70,217,655	342,442	705,223
-TL	4,320,001	22,582	21,859	9,610,000	259,139	41,211
-FC	57,558,518	1,455,083	-	60,607,655	83,303	664,012
Cross Currency Swaps	1,907,157	315,062	4,626	3,488,320	439,357	62,957
-TL	235,261	311,694	-	241,643	437,676	-
-FC	1,671,896	3,368	4,626	3,246,677	1,681	62,957
Currency Forwards	375,762	55,415	12,960	1,173,459	117,291	3,984
-TL	85,290	54,685	-	305,650	113,476	-
-FC	290,472	730	12,960	867,809	3,815	3,984
Interest Rate Options	489,687	53,569	-	750,565	11,082	-
-TL	-	-	-	-	-	-
-FC	489,687	53,569	-	750,565	11,082	-
Total	64,651,125	1,901,711	39,445	75,629,999	910,172	772,164

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	6,559	4,908	-	21,059
Interest Rate Swaps	Fixed-rate mortgage loans	Interest rate risk	-	-	-	-
Interest Rate Swaps	Fixed-rate securities	Interest rate risk	(319,819)	331,551	-	22,034
Cross Currency Swaps	Fixed-rate securities	Interest rate and foreign currency exchange rate risk	-	-	-	64,211

<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	(22,791)	24,699	(2,023)	14,396
Interest Rate Swaps	Fixed-rate mortgage loans	Interest rate risk	-	-	-	-
Interest Rate Swaps	Fixed-rate securities	Interest rate risk	335,070	-	(389,725)	(2,802)
Cross Currency Swaps	Fixed-rate securities	Interest rate and foreign currency exchange rate risk	-	-	-	64,211

5.1.4.4 Cash flow hedge accounting

Current Period							
Hedging Item	Hedged Item	Type of Risk	Fair Value Change of Hedged Item		Gains/Losses Accounted under Shareholders' Equity in the Period	Gains/Losses Accounted under Income Statement in the Period	Ineffective Portion (net) Accounted under Income Statement
			Asset	Liability			
Interest Rate Swaps	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates	30,444	(2,154)	103,018	(24,473)	(191)
Interest Rate Swaps	Floating-rate deposit	Cash flow risk resulted from change in market interest rates	1,110,762	(19,705)	980,567	(130,473)	107,042
Cross Currency Swaps	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	297,225	-	(4,997)	(4,518)	12
Cross Currency Swaps	Fixed-rate funds borrowed	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	17,837	(4,626)	1,332	(2,880)	-
Currency Forwards	Mile payments	Cash flow risk resulted from foreign currency exchange rates	54,685	-	26,206	-	-
Currency Forwards	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	730	(12,960)	(1,538)	(995)	-
Interest Rate Options	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	53,569	-	(39,798)	-	-
Interest Rate Swaps	Floating-rate securities	Cash flow risk resulted from foreign currency exchange rates	-	-	-	-	-
Spot Position	Mile payments	Cash flow risk resulted from foreign currency exchange rates	-	-	185,435	-	-

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 (2,295) and the amount recognized in equity is TL (36,104).

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

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

5.1.5 Loans

5.1.5.1 Loans and advances to shareholders and employees of the Bank

	Current Period		Prior Period	
	Cash Loans	Non-Cash Loans	Cash Loans	Non-Cash Loans
Direct Lendings to Shareholders	-	2,256,711	-	1,817,495
Corporates	-	2,256,711	-	1,817,495
Individuals	-	-	-	-
Indirect Lendings to Shareholders	156,207	12,366	84,500	189,593
Loans to Employees	782,680	34	577,456	72
Total	938,887	2,269,111	661,956	2,007,160

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

Current Period	Performing Loans	Loans under Follow-up		
Cash Loans (*)		Non-restructured	Restructured	
			Revised Contract Terms	Refinanced
Loans	578,438,535	41,698,853	27,408,234	20,672,608
Working Capital Loans	84,627,923	4,406,304	1,519,327	9,691,026
Export Loans	75,053,645	4,002,459	152,615	72,940
Import Loans	500,385	-	-	-
Loans to Financial Sector	22,652,418	8,978	-	-
Consumer Loans	106,729,718	11,500,542	1,715,952	64,587
Credit Cards	76,506,585	9,126,824	415,162	-
Others	212,367,861	12,653,746	23,605,178	10,844,055
Specialization Loans	-	-	-	-
Other Receivables	19,180,286	1,310,689	680,388	30,222
Total	597,618,821	43,009,542	28,088,622	20,702,830

(*) Non-performing loans are not included.

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

(*) Non-performing loans are not included.

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)	226,519,464	187,033,909	150,660,001	14,209,229	3,855,505	9,857,763	4,509,801	973,149	385,544,771	212,074,050
Loans under Follow-up (Stage 2)	16,804,128	52,533,618	18,501,000	1,940,935	106,672	1,914,294	347	-	35,412,147	56,388,847
Total Stage 1 and 2 Loans	243,323,592	239,567,527	169,161,001	16,150,164	3,962,177	11,772,057	4,510,148	973,149	420,956,918	268,462,897
Expected Credit losses-Stage 1-2 (-)	3,928,450	16,600,633	1,657,946	244,797	55,523	441,488	11,441	486	5,653,360	17,287,404
Total Non-performing Loans	12,800,344	1,936,285	3,730,672	442,722	226,167	861,863	51,490	27,565	16,808,673	3,268,435
Expected Credit losses-Stage 3 (-)	9,329,155	1,446,935	2,307,731	369,926	195,852	553,035	41,873	27,565	11,874,611	2,397,461

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

	Current Period		Prior Period	
	Performing Loans	Loans Under Follow-Up	Performing Loans	Loans Under Follow-Up
12-Month ECL (Stage 1)	3,628,587	-	2,937,910	-
Significant Increase in Credit Risk (Stage 2)	-	19,312,177	-	14,329,200

As of 30 September 2022, loans amounting to TL 6,086,171 are benefited as collateral under funding transactions (31 December 2021: TL 4,936,289).

Collaterals received for loans under follow-up

Current Period	Corporate / Commercial Loans	Consumer Loans	Credit Cards	Total
Loans Collateralized by Cash	1,069,325	38,027	-	1,107,352
Loans Collateralized by Mortgages / Shares/ Credit Guarantee Fund Sureties	24,870,396	3,295,896	-	28,166,292
Loans Collateralized by Pledged Assets	13,131,787	253,484	-	13,385,271
Loans Collateralized by Cheques and Notes	108,195	4,554	-	112,749
Loans Collateralized by Other Collaterals	22,630,327	8,035,996	-	30,666,323
Unsecured Loans	7,167,897	1,653,124	9,541,986	18,363,007
Total	68,977,927	13,281,081	9,541,986	91,800,994

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

Delinquency periods of loans under follow-up

	Corporate / Commercial Loans	Consumer Loans	Credit Cards	Total
Current Period				
31-60 days	284,378	910,641	258,393	1,453,412
61-90 days	670,307	356,589	115,501	1,142,397
Other	68,023,242	12,013,851	9,168,092	89,205,185
Total	68,977,927	13,281,081	9,541,986	91,800,994

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

5.1.5.3 Maturity analysis of cash loans

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

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

<i>Current Period</i>	Short-Term	Medium and Long-Term	Total
Consumer Loans – TL	8,406,911	87,921,105	96,328,016
Housing Loans	44,470	23,923,893	23,968,363
Automobile Loans	286,038	3,772,206	4,058,244
General Purpose Loans	8,076,403	60,225,006	68,301,409
Others	-	-	-
Consumer Loans – FC-indexed	-	137,475	137,475
Housing Loans	-	137,475	137,475
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Others	-	-	-
Consumer Loans – FC	2,723,997	12,399,990	15,123,987
Housing Loans	432,799	7,622,805	8,055,604
Automobile Loans	-	14,533	14,533
General Purpose Loans	821,859	2,671,276	3,493,135
Others	1,469,339	2,091,376	3,560,715
Retail Credit Cards – TL	63,862,859	223,877	64,086,736
With Installment	31,697,964	223,877	31,921,841
Without Installment	32,164,895	-	32,164,895
Retail Credit Cards – FC	864,703	6,315	871,018
With Installment	-	-	-
Without Installment	864,703	6,315	871,018
Personnel Loans – TL	76,288	217,462	293,750
Housing Loan	-	294	294
Automobile Loans	-	422	422
General Purpose Loans	76,288	216,746	293,034
Others	-	-	-
Personnel Loans - FC-indexed	-	-	-
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Others	-	-	-
Personnel Loans – FC	20,290	110,451	130,741
Housing Loans	4,015	54,420	58,435
Automobile Loans	-	-	-
General Purpose Loans	10,744	44,305	55,049
Others	5,531	11,726	17,257
Personnel Credit Cards – TL	317,391	803	318,194
With Installment	129,932	803	130,735
Without Installment	187,459	-	187,459
Personnel Credit Cards – FC	15,248	84	15,332
With Installment	-	-	-
Without Installment	15,248	84	15,332
Deposit Accounts– TL (Real Persons)	7,972,167	-	7,972,167
Deposit Accounts– TL (Personnel)	24,663	-	24,663
Deposit Accounts– FC (Real Persons)	-	-	-
Total	84,284,517	101,017,562	185,302,079

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

5.1.5.5 Installment based commercial loans and corporate credit cards

<i>Current Period</i>	Short-Term	Medium and Long-Term	Total
Installment-based Commercial Loans – TL	5,351,507	21,399,908	26,751,415
Real Estate Loans	45,675	994,266	1,039,941
Automobile Loans	2,670,898	10,904,517	13,575,415
General Purpose Loans	2,634,934	9,501,125	12,136,059
Others	-	-	-
Installment-based Commercial Loans - FC-indexed	-	75,510	75,510
Real Estate Loans	-	35,879	35,879
Automobile Loans	-	56	56
General Purpose Loans	-	39,575	39,575
Others	-	-	-
Installment-based Commercial Loans – FC	8,055,140	11,205,829	19,260,969
Real Estate Loans	-	-	-
Automobile Loans	1,363	1,305,168	1,306,531
General Purpose Loans	522	72,843	73,365
Others	8,053,255	9,827,818	17,881,073
Corporate Credit Cards – TL	20,066,188	571,469	20,637,657
With Installment	10,560,556	571,469	11,132,025
Without Installment	9,505,632	-	9,505,632
Corporate Credit Cards – FC	119,634	-	119,634
With Installment	-	-	-
Without Installment	119,634	-	119,634
Deposit Accounts– TL (Corporates)	4,840,035	-	4,840,035
Deposit Accounts– FC (Corporates)	-	-	-
Total	38,432,504	33,252,716	71,685,220

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

5.1.5.6 Allocation of loans by customers (*)

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

5.1.5.7 Allocation of domestic and foreign loans (*)

	<i>Current Period</i>	<i>Prior Period</i>
Domestic Loans	611,736,017	428,416,741
Foreign Loans	77,683,798	62,701,365
Total	689,419,815	491,118,106

(*) 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	613,502	535,798
Indirect Lending	-	-
Total	613,502	535,798

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

	<i>Current Period</i>	<i>Prior Period</i>
Substandard Loans- Limited Collectability	1,343,356	1,226,102
Doubtful Loans	1,207,926	813,154
Uncollectible Loans	11,720,790	10,145,778
Total	14,272,072	12,185,034

5.1.5.10 Non-performing loans (NPLs) (net)

Non-performing loans and loans restructured from this category

	Group III Substandard Loans	Group IV Doubtful Loans	Group V Uncollectible Loans
<i>Current Period</i>			
(Gross amounts before provisions)	1,067,896	592,331	7,691,601
Restructured Loans and Receivables	1,067,896	592,331	7,691,601
<i>Prior Period</i>			
(Gross amounts before provisions)	503,797	435,067	6,454,052
Restructured Loans and Receivables	503,797	435,067	6,454,052

Movements in non-performing loan groups

	Group III Substandard Loans	Group IV Doubtful Loans	Group V Uncollectible Loans
<i>Current Period</i>			
Balances at End of Prior Period	2,228,286	1,489,971	14,626,239
Additions during the Period (+)	3,493,516	39,088	7,772,993
Transfer from Other NPL Categories (+)	32,529	2,990,832	2,126,311
Transfer to Other NPL Categories (-)	(3,007,739)	(2,116,755)	(25,178)
Collections during the Period (-)	(743,078)	(515,491)	(1,848,826)
Write down /Write-offs (-)(*)	(155)	-	(8,146,761)
Debt Sale (-)(**)	(20,279)	(45,181)	(259,367)
Corporate and Commercial Loans	-	-	(58,267)
Retail Loans	(20,279)	(45,181)	(156,028)
Credit Cards	-	-	(45,072)
Other (***)	-	-	(123,549)
Foreign Currency Differences	239,846	38,021	1,851,835
Balances at End of Period	2,222,926	1,880,485	15,973,697
Provisions (-)	(1,343,356)	(1,207,926)	(11,720,790)
Net Balance on Balance Sheet	879,570	672,559	4,252,907

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

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

(**) As of 30 September 2022, Bank's consolidated subsidiaries, has also written down "Group V Loan" (Loans Classified as Loss) amounting to TL 12,108,207 (31 Aralık 2021: TL 10,569,823). During the period, the non-performing loan ratio of the Group calculated as 4.46% (31 December 2020: 5.56%) by taking into account the written-off loans in accordance with the amendment on the relevant Provisions Regulation instead of 2.83% (31 December 2020: 3.60%). In the current period, firstly, 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.

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

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

Non-performing loans in foreign currencies

	Group III	Group IV	Group V
	Substandard Loans and Receivables	Doubtful Loans and Receivables	Uncollectible Loans and Receivables
<i>Current Period</i>			
Balance at End of Period	1,145,383	241,296	10,840,300
Provisions (-)	774,094	211,039	7,929,083
Net Balance at Balance Sheet	371,289	30,257	2,911,217
<i>Prior Period</i>			
Balance at End of Period	1,242,488	328,660	9,446,833
Provisions (-)	784,036	200,796	6,297,050
Net Balance at Balance Sheet	458,452	127,864	3,149,783

Gross and net non-performing loans as per customer categories

	Group III Substandard Loans	Group IV Doubtful Loans	Group V Uncollectible Loans
Current Period (Net)	879,570	672,559	4,252,907
Loans to Individuals and Corporates (Gross)	2,210,237	1,846,763	15,893,691
Provision (-)	1,336,767	1,188,480	11,647,979
Loans to Individuals and Corporates (Net)	873,470	658,283	4,245,712
Banks (Gross)	-	-	-
Provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	12,689	33,722	80,006
Provision (-)	6,589	19,446	72,811
Other Loans and Receivables (Net)	6,100	14,276	7,195
Prior Period (Net)	1,002,184	676,817	4,480,461
Loans to Individuals and Corporates (Gross)	2,179,743	1,483,122	14,574,582
Provision (-)	1,204,572	809,359	10,098,433
Loans to Individuals and Corporates (Net)	975,171	673,763	4,476,149
Banks (Gross)	-	-	-
Provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	48,543	6,849	51,657
Provision (-)	21,530	3,795	47,345
Other Loans and Receivables (Net)	27,013	3,054	4,312

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

	Group III Substandard Loans	Group IV Doubtful Loans	Group V Uncollectible Loans
Current Period (Net)	44,163	54,483	233,369
Interest accruals and valuation differences	108,056	136,568	872,163
Provision (-)	63,893	82,085	638,794
Prior Period (Net)	49,726	71,045	250,966
Interest accruals and valuation differences	97,491	153,795	960,743
Provision (-)	47,765	82,750	709,777

Collaterals received for non-performing loans

<i>Current Period</i>	Corporate/ Commercial Loans	Consumer Loans	Credit Cards	Total
Loans Collateralized by Cash	15,659	988	-	16,647
Loans Collateralized by Mortgages	7,562,227	121,828	-	7,684,055
Loans Collateralized by Pledged Assets	1,903,277	30,623	-	1,933,900
Loans Collateralized by Cheques and Notes	178,023	3,223	-	181,246
Loans Collateralized by Other Collaterals	2,043,384	1,470,681	-	3,514,065
Unsecured Loans	5,162,397	538,716	1,046,082	6,747,195
Total	16,864,967	2,166,059	1,046,082	20,077,108

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

5.1.5.11 Expected credit loss for loans

<i>Current Period</i>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
Balances at End of Prior Period	2,937,910	14,329,200	12,185,034	29,452,144
Additions during the Period (+)	7,255,322	7,908,635	9,965,397	25,129,354
Disposal (-)	(9,234,024)	(3,298,814)	(1,698,135)	(14,230,973)
Debt Sale (-)	-	(76,277)	(258,329)	(334,606)
Write-offs (-)	-	-	(8,146,916)	(8,146,916)
Transfer to Stage1	3,008,845	(3,001,277)	(7,568)	-
Transfer to Stage 2	(713,000)	802,029	(89,029)	-
Transfer to Stage 3	(13,295)	(826,150)	839,445	-
Foreign Currency Differences	386,829	3,474,831	1,482,173	5,343,833
Balances at End of Period	3,628,587	19,312,177	14,272,072	37,212,836

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

5.1.5.12 *Liquidation policy for uncollectible loans*

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

5.1.5.13 *Write-off policy*

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

5.1.6 **Lease receivable (Net)**

5.1.6.1 *Financial lease receivables according to remaining maturities (*)*

	<i>Current Period</i>		<i>Prior Period</i>	
	Gross	Net	Gross	Net
Less than 1 Year	6,925,416	5,894,002	5,385,955	4,685,636
Between 1-5 Years	10,456,912	9,483,995	7,418,480	6,740,126
Longer than 5 Years	367,260	356,237	270,567	259,227
Total	17,749,588	15,734,234	13,075,002	11,684,989

(*) 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	17,749,588	13,075,002
Unearned Income on Financial Lease Receivables (-)	(2,015,354)	(1,390,013)
Terminated Lease Contracts (-)	-	-
Net Financial Lease Receivables	15,734,234	11,684,989

(*) Non-performing loans are not included.

5.1.6.3 *Financial lease agreements*

Criteria applied for financial lease agreements

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

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

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

Details monitored subsequent to signing of financial lease agreements

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

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

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>	
	TL	FC	TL	FC
Collateralised/Blocked Investments	36,077,364	2,774,501	17,162,403	14,028,300
Investments subject to Repurchase Agreements	4,080,004	727,151	4,014,558	1,175,157
Total	40,157,368	3,501,652	21,176,961	15,203,457

5.1.8.2 Government securities measured at amortised cost

	<i>Current Period</i>	<i>Prior Period</i>
Government Bonds	87,768,016	39,941,957
Treasury Bills	173,408	135,878
Other Government Securities	7,534,861	-
Total	95,476,285	40,077,835

5.1.8.3 Financial assets measured at amortised cost

	<i>Current Period</i>	<i>Prior Period</i>
Debt Securities	82,438,740	32,424,403
Quoted at Stock Exchange	82,147,699	32,210,039
Unquoted at Stock Exchange	291,041	214,364
Valuation Increase / (Decrease)	15,651,447	7,742,644
Total	98,090,187	40,167,047

5.1.8.4 Movement of financial assets measured at amortised cost

	<i>Current Period</i>	<i>Prior Period</i>
Balances at Beginning of Period	40,167,047	33,238,911
Foreign Currency Differences on Monetary Assets	11,798,895	8,083,310
Purchases during the Period	40,861,148	654,660
Disposals through Sales/Redemptions	(2,645,706)	(3,986,707)
Valuation Effect	7,908,803	2,176,873
Balances at End of Period	98,090,187	40,167,047

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>
Balances at End of Prior Period	47,183	-	-	47,183
Additions during the Period (+)	228,735	-	-	228,735
Disposal (-)	(11,678)	-	-	(11,678)
Transfer to Stage1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Foreign Currency Differences	28,773	-	-	28,773
Balances at End of Period	293,013	-	-	293,013

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

5.1.9 Assets held for sale and assets of discontinued operations

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

	<i>Current Period</i>	<i>Prior Period</i>
End of Prior Period		
Cost	596,163	943,435
Accumulated Depreciation (-)	(10,215)	(11,682)
Net Book Value	585,948	931,753
End of Current Period		
Additions	496,591	226,380
Disposals (Cost)	(357,828)	(606,189)
Disposals (Accumulated Depreciation)	8,036	1,467
Reversal of Impairment / Impairment Losses	3,277	25,089
Depreciation Expense for Current Period (-)	-	-
Currency Translation Differences on Foreign Operations	3,097	7,448
Cost	741,300	596,163
Accumulated Depreciation (-)	(2,179)	(10,215)
Net Book Value	739,121	585,948

5.1.9.2 Investments in subsidiaries and associates to be disposed

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

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

As per the decision made at the 2018 annual general assembly of related special purpose entity, it was decided to increase the capital of the special purpose entity by TL 3,982,230, all of which will be covered by common receivables. The Entity's paid-in capital after the general assembly had been TL 3,982,280. The Bank's shareholding ratios in the Entity's capital did not change as a result of the increase, and the nominal value of the direct shares increased from TL 11 to TL 881.140 and the number of shares increased from 1,106,325 to 88,114,036,863. As explained the details before the capital increase in Note 5.1.2.2 , valuation differences recorded on the financial asset are presented as impairment in Assets Held for Sale and Discontinued Operations after capital increase. In 2020, all of the assets acquired under TFRS 5 was impaired.

5.1.10 Investments in associates

5.1.10.1 Unconsolidated investments in associates

	Associates	Address (City/ Country)	Parent Bank's Share – If Different, Voting Rights (%)	Bank Risk Group's Share (%)
1	Emeklilik Gözetim Merkezi AŞ ⁽¹⁾	İstanbul/Turkey	-	6.25
2	Bankalararası Kart Merkezi AŞ ⁽¹⁾	İstanbul/Turkey	4.98	4.98
3	Yatırım Finansman Menkul Değerler AŞ ⁽¹⁾	İstanbul/Turkey	0.77	0.77
4	İstanbul Takas ve Saklama Bankası AŞ ⁽¹⁾	İstanbul/Turkey	4.95	4.97
5	Borsa İstanbul AŞ ⁽²⁾	İstanbul/Turkey	0.30	0.34
6	Kredi Kayıt Bürosu AŞ (“KKB”) ⁽¹⁾	İstanbul/Turkey	9.09	9.09
7	Türkiye Cumhuriyet Merkez Bankası AŞ ⁽²⁾	Ankara/ Turkey	2.48	2.48
8	Kredi Garanti Fonu AŞ ⁽²⁾	Ankara/ Turkey	1.49	1.49
9	JCR Avrasya Derecelendirme AŞ ⁽²⁾	İstanbul/Turkey	2.86	2.86
10	Birleşik İpotek Finansmanı AŞ ⁽¹⁾	İstanbul/Turkey	8.33	8.33
11	İhracatı Geliştirme A.Ş. ⁽³⁾	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	24,388	15,081	4,721	526	7	4,077	2,153	-
2	601,847	494,145	107,571	28,736	-	122,202	53,975	-
3	2,876,028	282,122	10,825	8,487	1,909	53,350	45,068	-
4	60,377,277	3,446,370	137,171	517,739	87,997	658,669	430,626	-
5	48,592,331	6,073,643	630,443	348,746	-	1,754,959	1,242,390	-
6	690,984	148,119	319,996	14,206	719	19,581	26,499	-
7	2,496,216,496	65,962,045	925,593	121,429,271	10,201,824	57,483,159	34,497,932	-
8	1,619,704	1,139,287	24,701	54,338	-	159,089	71,688	-
9	156,130	138,959	31,123	9,194	449	78,817	46,707	-
10	69,138	61,680	4,717	2,751	-	9,637	1,708	-
11	-	-	-	-	-	-	-	-

(1) Financial information is as of 30 June 2022.

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

(3) Financial information is not available since the company is newly established.

(*) 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

The Parent Bank has joined İGE A.Ş. as a shareholder of 2.18%, paying a total of TL 80,016 which consists TL 40,408 of capital and TL 40,408 of bonus, through capital increase.

5.1.11 Investments in subsidiaries (net)

Information on capital adequacy of major subsidiaries

Current Period	Garanti Bank International NV	Garanti Holding BV	Garanti Finansal Kiralama AŞ	Garanti Emeklilik ve Hayat AŞ	Garanti Yatırım Menkul Kıymetler AŞ
COMMON EQUITY TIER I CAPITAL					
Paid-in Capital to be Entitled for Compensation after All Creditors	2,477,247	7,930,286	357,848	517,159	13,750
Share Premium	-	234,426	-	-	-
Share Cancellation Profits	-	-	-	-	-
Legal Reserves	1,305,270	723,346	952,933	526,544	1,006,981
Other Comprehensive Income according to TAS	7,451,728	5,814	-	8,351	-
Current and Prior Periods' Profits	493,821	597,056	2,043,669	694,530	800,630
Minority interest	-	-	-	-	48,853
Common Equity Tier I Capital Before Deductions	11,728,066	9,490,928	3,354,450	1,746,584	1,870,214
Deductions From Common Equity Tier I Capital					
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	129,990	2,285,943	1,949	3,149	1,018
Leasehold Improvements on Operational Leases (-)	-	398	-	514	1,479
Goodwill and Other Intangible Assets and Related Deferred Taxes (-)	91,270	948,766	17,933	37,686	6,468
Net Deferred Tax Asset/Liability (-)	-	-	-	-	-
Total Deductions from Common Equity Tier I Capital	221,260	3,235,107	19,882	41,349	8,965
Total Common Equity Tier I Capital	11,506,806	6,255,821	3,334,568	1,705,235	1,861,249
Total Deductions From Tier I Capital	-	-	-	-	-
Total Tier I Capital	11,506,806	6,255,821	3,334,568	1,705,235	1,861,249
TIER II CAPITAL	-	180,658	-	-	-
TOTAL CAPITAL	11,506,806	6,436,479	3,334,568	1,705,235	1,861,249

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

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 Yazılım Teknolojileri A.Ş. (*)	Istanbul/Turkey	50.00	100.00

(*) Garanti Yazılım Teknolojileri A.Ş. was established as an incorporated company with a 50-50% partnership of the Parent Bank and Garanti Ödeme Sistemleri A.Ş., adopting the registered capital system with a total capital of TL 10,000 to operate in payment systems and electronic money issuance. With the Board Decision dated 01/07/2022 and numbered 2022/12, the capital of Garanti Yazılım Teknolojileri A.Ş., was increased to TL 110,000 through paid capital increase.

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

	Total Assets	Shareholders' Equity	Total Fixed Assets (*)	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value	Amount of Equity Requirement
1	4,754	2,028	585	-	-	63	44	-	-
2	5,678	4,193	-	496	-	191	1,032	-	-
3	21,629	17,766	21,618	-	-	4	(4)	-	-
4	153,036	62,269	143,129	24	-	8,970	1,575	-	-
5	5,572,782	1,708,700	5,080,018	9,013	-	712,813	432,987	-	-
6	5,014	3,645	-	394	-	2,080	1,048	-	-
7	111,588	110,397	2,678	1,756	-	397	-	-	-

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

Unconsolidated subsidiaries sold during the current period

Liquidation process of Garanti Bilişim Teknoloji ve Ticaret Türk A.Ş. in Liquidation was completed in September 2022.

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>
Balances at Beginning of Period	19,862,618	11,812,435
Movements during the Period	5,650,057	8,091,604
Acquisitions (**)	50,000	547,841
Bonus Shares Received	-	-
Dividends from Current Year Profit	3,834,011	2,429,954
Sales/Liquidations	-	-
Reclassifications	-	-
Value Increase/Decrease (*)	(1,379,405)	(297,747)
Currency Differences on Foreign Subsidiaries	3,145,451	5,411,556
Reversal of Impairment Losses / Impairment Losses (-)	-	-
Balances at End of Period	25,512,675	19,904,039
Capital Commitments	-	-
Share Percentage at the End of Period (%)	-	-

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

Valuation methods of consolidated investments in subsidiaries

	<i>Current Period</i>	<i>Prior Period</i>
Valued at Cost	-	-
Valued at Fair Value (*)	25,512,675	19,904,039

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

Sectoral distribution of consolidated investments in subsidiaries

	<i>Current Period</i>	<i>Prior Period</i>
Banks	11,595,703	9,177,916
Insurance Companies	1,480,905	1,220,282
Factoring Companies	474,757	282,948
Leasing Companies	3,449,804	2,401,343
Finance Companies	8,385,511	6,780,130
Other Subsidiaries	125,995	41,420

Quoted consolidated investments in subsidiaries

	<i>Current Period</i>	<i>Prior Period</i>
Quoted at Domestic Stock Exchanges	479,505	285,859
Quoted at International Stock Exchanges	-	-

Other information on consolidated investments in subsidiaries

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

(*) The Parent Bank has purchased 120,000 shares of Garanti Ödeme Sistemleri A.Ş., representing 0.02% of its capital, with a nominal value of 1 TL from Garanti Kültür A.Ş. with the Board Decision dated 04/07/2022 and numbered 2022/10, the capital of Garanti Ödeme Sistemleri A.Ş., which was TL 6,000, was increased to TL 56,000 through a paid capital increase.

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

	Total Assets	Shareholders' Equity	Total Fixed Assets (**)	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value
1	14,988,645	3,448,262	23,711	954,491	-	1,052,310	589,129	-
2	5,675,351	580,116	16,798	845,601	-	234,911	95,925	-
3	4,014,145	1,826,140	31,508	76,024	52,191	805,589	391,813	-
4	292,964	266,692	2,234	24,108	2,750	99,682	51,178	-
5	4,139,894	1,743,435	39,148	260,272	122,145	694,107	461,122	-
6	85,384,307	11,617,012	641,375	1,259,890	8,695	493,815	150,422	-
7	7,111,172	7,110,384	-	-	-	(1,079)	(677)	-
8	5,875,775	5,873,300	-	-	-	(2,539)	(17,687)	-
9	46,795,653	6,130,854	1,215,664	1,157,582	198,401	550,971	240,690	-
10	3,556,263	684,461	20,862	140,854	-	46,118	20,465	-
11	2,746,108	349,051	29,116	131,700	-	-21,985	10,411	-
12	51,395	50,240	430	353	1,298	9,165	1,065	131,520
13	173,000	125,803	378	6,998	-	34,375	16,658	-

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

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

5.1.16 Deferred tax asset

As of 30 September 2022, on a consolidated basis the Bank has a deferred tax asset of TL 6,278,713 (31 December 2021: TL 4,443,291) calculated as the net amount remaining after netting of tax deductible timing differences and taxable timing differences in its consolidated financial statements.

As of 30 September 2022, deferred tax assets of TL 9,842,578 (31 December 2021: TL 6,927,465) calculated on all taxable temporary differences arising between the carrying amounts and the taxable amounts of assets and liabilities on the financial statements that will be considered in the calculation of taxable earnings in the future periods and on tax losses, which is presented as netted-off in the accompanying consolidated financial statements, with a deferred tax liability of TL 3,563,865 (31 December 2021: TL 2,484,174) on all taxable temporary differences arising between the carrying amounts and the taxable amounts of assets and liabilities on the financial statements that will be considered in the calculation of taxable earnings in the future periods.

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

	<i>Current Period</i>		<i>Prior Period</i>	
	Tax Base	Deferred Tax Amount	Tax Base	Deferred Tax Amount
Provisions ^(*) (^{**})	3,066,659	754,917	9,145,055	2,061,737
Stages 1&2 Credit Losses	25,635,569	6,223,736	18,086,583	3,722,429
Differences between the Carrying Values and Taxable Values of Financial Assets ^(***)	(1,594,453)	(354,343)	(5,885,651)	(1,306,444)
Revaluation Differences on Real Estates	(4,363,747)	(651,186)	(2,445,233)	(299,704)
Other	1,161,164	305,589	1,113,545	265,273
Deferred Tax Asset	23,905,192	6,278,713	20,014,299	4,443,291

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

^(**) Includes the deferred tax effect arising from valuation of loans measured at fair value through profit or loss.

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

5.1.17 Other Assets

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Derivative Assets (Derivative Guarantees)	301,723	3,621,421	726,002	4,439,594
Receivables From Clearing Transactions	12,306,991	151,144	7,015,825	58,404
Prepaid Expenses(*)	16,033,520	86,271	3,125,661	72,701
Cash Guarantees Given	648,671	377,772	323,767	427,917
Receivables From Forward Sale of Assets	65,137	-	105,137	-
Other	4,275,921	877,405	1,374,278	555,735
Total	33,631,963	5,114,013	12,670,670	5,554,351

(*) The change in the related item is mainly due to the salary promotion payments made in the current period.

5.2 Consolidated liabilities

5.2.1 Maturity profile of deposits

<i>Current Period</i>	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulating Deposit Accounts	Total
Saving Deposits	48,207,887	-	6,845,186	130,261,000	5,511,210	3,068,565	9,990,396	1,276	203,885,520
Foreign Currency Deposits	271,263,950	-	42,127,976	119,219,398	14,268,675	15,285,691	13,820,692	42,284	476,028,666
Residents in Turkey	220,134,281	-	31,260,791	101,518,710	6,695,634	3,865,057	2,456,228	41,578	365,972,279
Residents in Abroad	51,129,669	-	10,867,185	17,700,688	7,573,041	11,420,634	11,364,464	706	110,056,387
Public Sector Deposits	4,549,510	-	13,890	24,120	767	9	-	-	4,588,296
Commercial Deposits	36,829,642	-	37,407,951	32,100,041	1,803,597	5,464,130	4,478,065	-	118,083,426
Others	915,134	-	1,776,582	707,422	1,151,704	14,095	1,509,793	-	6,074,730
Precious Metal Deposits	40,396,607	-	-	533,707	290,148	77,420	671,623	-	41,969,505
Bank Deposits(*)	3,748,406	-	873,158	874,917	467	7,547	91,738	-	5,596,233
Central Bank of Turkey	1,447,834	-	-	-	-	-	-	-	1,447,834
Domestic Banks	14,082	-	190,788	-	-	-	-	-	204,870
Foreign Banks	1,513,290	-	682,370	874,917	467	7,547	91,738	-	3,170,329
Special Financial Institutions	773,200	-	-	-	-	-	-	-	773,200
Others	-	-	-	-	-	-	-	-	-
Total(**)	405,911,136	-	89,044,743	283,720,605	23,026,568	23,917,457	30,562,307	43,560	856,226,376

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

(*) Interbank precious metal accounts are in the Precious Metal Deposits line.

(**) As of 30 September 2022, the Parent Bank has a total of TL 143,864,859 (31 December 2021: TL 7,547,261) foreign exchange-protected deposit instrument of which TL 68,873,662 (31 December 2021: TL 180,250) 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 74,991,197 (31 December 2021: TL 7,367,011) opened within the scope of the announcement of the Ministry of Treasury and Finance ("Treasury") dated 24 December 2021. Foreign exchange revaluation differences amounting to TL 2,028,480 (31 December 2021: TL 806,578) regarding the foreign exchange-protected deposit instrument calculated as of the balance sheet date are presented in other assets under assets and included in deposits under liabilities..

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	78,496,430	48,035,586	122,929,691	57,893,404
Foreign Currency Saving Deposits	94,841,347	73,569,591	206,111,135	182,239,637
Other Saving Deposits	17,492,138	11,769,763	22,885,625	18,449,894
Foreign Branches' Deposits Under Foreign Insurance Coverage	1,332,755	1,015,243	1,517,380	1,152,172
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	15,408,949	-	106,852,938	-
Foreign Currency Commercial Deposits	10,186,765	-	178,588,344	-
Other Commercial Deposits	84,601	-	1,377,402	-
Foreign Branches' Deposits Under Foreign Insurance Coverage	-	-	-	-
Off-Shore Branches' Deposits Under Foreign Insurance Coverage	-	-	-	-

(*) In the first paragraph of Article 1 of the Regulation on Deposits and Participation Funds Subject to Insurance and Premiums to be Collected by the Savings Deposit Insurance Fund published in the Official Gazette dated 7/11/2006 and numbered 26339, the phrase "savings deposits and belonging to real persons" have been changed to "all deposits except those belonging to official institutions, credit institutions and financial institutions and".

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	36,184	31,208
Deposits and Other Accounts held by Shareholders and their Relatives	-	-
Deposits and Other Accounts of the Chairman and Members of Board of Directors, Chief Executive Officer, Senior Executive Officers and their Relatives	214,111	224,675
Deposits and Other Accounts held as Assets subject to the Crime defined in the Article 282 of the Turkish Criminal Code No. 5237 dated 26 September 2004	-	-
Deposits at Depository Banks established for Off-Shore Banking Activities in Turkey	-	-

Commercial Deposits	Current Period	Prior Period
Deposits and Other Accounts held at Foreign Branches	5,314,353	-
Deposits and Other Accounts held by Main Shareholder with Qualified Shareholders and Corporates Under Their Control	2,240,521	-
Official Institutions Deposits and Other Accounts	4,655,439	-
Credit and Financial Institutions Deposits	30,413,768	-

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	4,122,035	2,867,902	2,655,860	4,600,883
Foreign Banks, Institutions and Funds	77,499	44,742,399	116,121	36,253,865
Total	4,199,534	47,610,301	2,771,981	40,854,748

5.2.2.1 Maturities of funds borrowed

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Short-Term	2,379,446	3,952,410	1,783,110	3,885,996
Medium and Long-Term	1,820,088	43,657,891	988,871	36,968,752
Total	4,199,534	47,610,301	2,771,981	40,854,748

5.2.2.2 Disclosures for concentration areas of bank's liabilities

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

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
Domestic Transactions	5,354,192	-	7,431,549	-
Financial Institutions and Organizations	5,270,328	-	7,376,780	-
Other Institutions and Organizations	45,018	-	35,365	-
Individuals	38,846	-	19,404	-
Foreign Transactions	374	7,166,446	79	6,822,614
Financial Institutions and Organizations	-	7,166,446	-	6,822,614
Other Institutions and Organizations	-	-	-	-
Individuals	374	-	79	-
Total	5,354,566	7,166,446	7,431,628	6,822,614

5.2.4 Securities issued

<i>Current Period</i>	TL		FC	
	Short-Term	Medium and Long-Term	Short-Term	Medium and Long-Term
Nominal	1,077,778	1,511,322	168,822	16,234,709
Cost	826,773	1,379,742	168,822	16,224,344
Carrying Value (*)	1,038,568	588,285	168,876	16,419,649

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

(*) The Bank and/or its financial subsidiaries repurchased the Bank's own TL securities with a total face value of TL 1,114,006 and foreign currency securities with a total face value of USD 1,555,000 (31 December 2021: TL 1,366,573 and USD 186,897,575) and netted off such securities in the accompanying consolidated financial statements.

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Securities Issued	-	28,731,869	-	24,183,368
Total	-	28,731,869	-	24,183,368

In accordance with TFRS 9, the Bank classified a part of borrowings obtained through securitisations amounting to USD 1,873,133,929 (31 December 2021: USD 2,112,303,572) as financial liability at fair value through profit/loss at the initial recognition in order to eliminate the accounting mismatch.

As of 30 September 2022, the accumulated fair value change of the related financial liability amounted to TL 6,388,281 (31 December 2021: TL 3,769,054) and the corresponding gain/loss recognised in the statement of profit/loss amounted to TL 2,619,227 (30 September 2021: TL 757,736). The carrying value of the related financial liability amounted to TL 28,731,869 (31 December 2021: TL 24,183,368).

5.2.6 Derivative financial liabilities

5.2.6.1 Negative differences on derivative financial liabilities measured at FVTPL

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	1,023,531	147,834	1,875,277	32,051
Swap Transactions	4,140,527	10,526,927	4,903,698	5,687,300
Futures	-	3,663	-	933
Options	283,139	102,525	131,667	25,164
Others	-	1,122	-	481
Total	5,447,197	10,782,071	6,910,642	5,745,929

5.2.6.2 Derivative financial liabilities held for hedging purpose

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

Derivative Financial Liabilities Held for Hedging Purpose	Current Period		Prior Period	
	TL	FC	TL	FC
Fair Value Hedges	-	-	-	391,748
Cash Flow Hedges	21,859	17,586	41,211	339,205
Net Foreign Investment Hedges	-	-	-	-
Total	21,859	17,586	41,211	730,953

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

5.2.7 Factoring payables

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

5.2.8 Lease payables

5.2.8.1 Operational lease agreements

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 Year	500,507	373,541	385,205	283,202
Between 1-5 Years	931,343	686,293	782,852	571,420
Longer than 5 Years	317,833	220,097	318,617	215,416
Total	1,749,683	1,279,931	1,486,674	1,070,038

As of 30 September 2022, the weighted average of the incremental borrowing interest rates applied to TL, EUR, USD and RON lease liabilities presented in the statement of financial position of the Group are 20.1%, 1.8%, 3.8% and 5.2% (31 December 2021:18.8%, 1.9%, 6.9% and 4.4%) respectively.

5.2.9 Provisions

5.2.9.1 Reserve for employee severance indemnity

	<i>Current Period</i>	<i>Prior Period</i>
Balances at Beginning of Period	948,873	767,506
Provision for the Period	202,777	161,030
Actuarial Gain/Loss	-	79,432
Payments During the Period	(57,094)	(59,095)
Balances at End of Period	1,094,556	948,873

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

None (31 December 2021: None).

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

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

5.2.9.4 Other provisions

	<i>Current Period</i>	<i>Prior Period</i>
Reserve for Employee Benefits	2,502,470	2,017,903
Insurance Technical Provisions, Net	1,946,377	1,361,847
Provision for Promotion Expenses of Credit Cards	362,878	292,804
Provision for Lawsuits	503,380	440,744
Provision for Non-Cash Loans	4,844,184	2,930,483
Other Provisions ^(*)	8,252,796	7,676,242
Total	18,412,085	14,720,023

^(*)Includes total general reserve of total TL 8,000,000 of which reserved TL 500,000 in the current year and TL 7,500,000 in previous years (31 December 2021: TL 7,500,000).

Recognized Liability for Defined Benefit Plan Obligations

The Bank obtained an actuarial report dated 5 January 2022 from an independent actuary reflecting the principles and procedures on determining the application of transfer transactions in accordance with the Law and it is determined that the assets of the Plan are above the amount that will be required to be paid to transfer the obligation and the asset surplus amounts to TL 6,538,417 at 31 December 2021 as details are given in the table below.

Furthermore, an actuarial report was prepared as of 31 December 2021 as per the requirements of the Law explained in Note 3.17, the accounting policies related with “employee benefits” for the benefits transferable to the SSF and as per TAS 19 for other benefits not transferable to the SSF and arising from other social rights and payments covered by the existing trust indenture of the Fund and medical benefits provided for employees. Based on the actuary’s 5 January 2022 dated report, the asset surplus over the fair value of the plan assets to be used for the payment of the obligations also fully covers the benefits not transferable and still a surplus of TL 3,360,883 remains as of 31 December 2021 as details are given in the table below.

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

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

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

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

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

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

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

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

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

5.2.10 Tax liability

5.2.10.1 Current tax liability

5.2.10.1.1 Tax liability

As of 30 September 2022, the corporate tax liability amounts to TL 6,137,810 (31 December 2021 : TL 2,120,125) after offsetting with prepaid taxes. If the differences arising between the book value and the tax base value of the assets subject to the current tax liability are related to the shareholders' equity account group, the current tax asset or liability is netted off by the relevant accounts in this group.

As of September 2022, TL 17,103,318 of total current period tax expense amounting to TL 13,442,219 has been classified in the statement of profit or loss and TL 3,661,099 (31 December 2021: None) has been classified in equity.

5.2.10.1.2 Taxes payable

	Current Period	Prior Period
Corporate Taxes Payable	6,137,810	2,120,125
Taxation on Securities Income	127,693	126,239
Taxation on Real Estates Income	27,650	8,644
Banking Insurance Transaction Tax	557,198	378,689
Foreign Exchange Transaction Tax	54,366	115,529
Value Added Tax Payable	104,882	56,577
Others	240,343	142,892
Total	7,249,942	2,948,695

5.2.10.1.3 Premiums payable

	Current Period	Prior Period
Social Security Premiums-Employees	13,754	8,981
Social Security Premiums-Employer	9,159	5,497
Bank Pension Fund Premium-Employees	4,216	439
Bank Pension Fund Premium-Employer	6,736	620
Pension Fund Membership Fees and Provisions-Employees	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Unemployment Insurance-Employees	5,182	2,463
Unemployment Insurance-Employer	11,767	6,141
Others	144	79
Total	50,958	24,220

5.2.10.2 Deferred tax liability

As of 30 September 2022, the deferred tax liability amounts to TL 78,344 (31 December 2021: TL 55,096).

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

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

5.2.12 Subordinated debts

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

5.2.13 Other liabilities

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Payables from credit card transactions	33,116,471	609,465	21,172,969	241,472
Payables from clearing transactions	11,726,990	29,823	5,372,202	11,262
Other	4,086,281	13,048,153	2,874,263	5,113,082
Total	48,929,742	13,687,441	29,419,434	5,365,816

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

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

5.2.14.3 Capital increases in current period

None.

5.2.14.4 Capital increases from capital reserves in current period

None.

5.2.14.5 Capital commitments for current and future financial periods

None.

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

None.

5.2.14.7 Information on privileges given to stocks representing the capital

None.

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
Investments in Associates, Subsidiaries and Joint-Ventures	-	-	-	-
Valuation Difference	-	-	-	-
Exchange Rate Difference	-	-	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	12,324,930	(2,268,569)	1,424,605	(739,216)
Valuation Difference	12,002,312	(2,268,569)	1,262,982	(739,216)
Exchange Rate Difference	322,618	-	161,623	-
Total	12,324,930	(2,268,569)	1,424,605	(739,216)

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	417,573	(98,784)	232,120	27,353
Real Estates	2,884,518	198,968	1,849,605	163,456
Defined Benefit Plans' Actuarial Gains/Losses	(394,313)	-	(420,279)	-
Other	-	-	-	-
Total	2,907,778	100,184	1,661,446	190,809

5.2.14.10 Bonus shares of associates, subsidiaries and joint-ventures

	<i>Current Period</i>	<i>Prior Period</i>
Bankalararası Kart Merkezi AŞ	5,781	5,781
Yeni Gimat Gayrimenkul Yatırım Ortaklığı A.Ş.	860	-
Kredi Kayıt Bürosu AŞ	481	481
JCR Avrasya Derecelendirme AŞ	829	-
Doğuş Gayrimenkul Yatırım Ortaklığı AŞ	22	22
Yatırım Finansman Menkul Değerler AŞ	9	9
Dati Yatırım Holding A.Ş.	7	7
Kömür İşletmeleri AŞ	45	-
Total	8,034	6,300

5.2.14.11 Legal reserves

	<i>Current Period</i>	<i>Prior Period</i>
I. Legal Reserve	1,368,902	1,254,886
II. Legal Reserve	672,337	546,290
Special Reserves	40,979	33,675
Total	2,082,218	1,834,851

5.2.14.12 Extraordinary reserves

	<i>Current Period</i>	<i>Prior Period</i>
Legal Reserves allocated in compliance with the Decisions Made on the Annual General Assembly	61,635,425	50,102,504

5.2.14.13 Minority interest

	<i>Current Period</i>	<i>Prior Period</i>
Balance at Beginning of Period	319,516	247,679
Profit Share of Subsidiaries Net Profits	156,246	120,823
Prior Period Dividend Payment	(60,347)	(47,130)
Increase/(Decrease) in Minority Interest due to Sales	-	-
Others	1,788	(1,856)
Balance at End of Period	417,203	319,516

5.3 Consolidated off-balance sheet items

5.3.1 Off-balance sheet contingencies

5.3.1.1 Irrevocable credit commitments

The Bank and its consolidated financial subsidiaries have term asset purchase and sale commitments of TL 67,392,363 (31 December 2021: TL 20,111,105), commitments for cheque payments of TL 5,240,183 (31 December 2021: TL 3,956,330) and commitments for credit card limits of TL 113,576,625 (31 December 2021: TL 63,432,259).

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

	Current Period	Prior Period
Letters of Guarantee in Foreign Currency	80,603,499	60,356,900
Letters of Guarantee in TL	84,746,256	44,007,746
Letters of Credit	33,450,269	25,954,648
Bills of Exchange and Acceptances	3,653,861	2,751,737
Endorsements	2,390,128	1,128,961
Other Guarantees	242,873	258,782
Total	205,086,886	134,458,774

Expected losses for non-cash loans and irrevocable commitments

Current Period	Stage 1	Stage 2	Stage 3	Total
Balances at Beginning of Period	538,703	1,058,973	1,332,807	2,930,483
Additions during the Period (+)	1,358,009	1,887,093	196,715	3,441,817
Disposal (-)	(1,565,099)	(532,219)	(222,720)	(2,320,038)
Sales	-	-	-	-
Write-off	-	-	-	-
Transfer to Stage 1	567,049	(565,312)	(1,737)	-
Transfer to Stage 2	(107,918)	127,689	(19,771)	-
Transfer to Stage 3	(217)	(26,857)	27,074	-
Foreign Currency Differences	83,437	260,901	447,584	791,922
Balances at End of Period	873,964	2,210,268	1,759,952	4,844,184

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

Lifetime expected credit loss (Stage 3) of TL 2,506,770 (31 December 2021: TL 2,019,657) is made for unliquidated non-cash loans of TL1,759,952 (31 December 2021: TL 1,332,807) recorded under the off-balance sheet items.

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

5.3.1.3 Non-cash loans

	<i>Current Period</i>	<i>Prior Period</i>
Non-Cash Loans against Cash Risks	33,691,720	20,797,645
<i>With Original Maturity of 1 Year or Less</i>	5,948,631	2,948,430
<i>With Original Maturity of More Than 1 Year</i>	27,743,089	17,849,215
Other Non-Cash Loans	171,395,166	113,661,129
Total	205,086,886	134,458,774

5.3.1.4 Other information on non-cash loans

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

5.3.1.5 Non-cash loans classified under Group I and II:

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

5.3.2 Financial derivative instruments

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

5.3.3 Credit derivatives and risk exposures on credit derivatives

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

5.3.4 Contingent liabilities and assets

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

5.3.5 Services rendered on behalf of third parties

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

5.4 Consolidated statement of profit or loss

5.4.1 Interest income

5.4.1.1 Interest income from loans (*)

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Income from Loans				
Short-term loans	25,251,558	2,517,405	10,902,476	720,187
Medium and long-term loans	23,402,805	7,745,345	15,236,042	4,175,542
Loans under follow-up	572,340	24,626	395,590	118,071
Interest Received from Resource Utilization Support Fund	-	-	-	-
Total	49,226,703	10,287,376	26,534,108	5,013,800

(*) 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	-	3,692	-	-
Domestic Banks	133,459	114	79,080	42,382
Foreign Banks	3,681	227,085	4,382	39,758
Foreign Head Offices and Branches	-	-	-	-
Total	137,140	230,891	83,462	82,140

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	130,948	33,277	99,526	22,893
Financial Assets Measured at Fair Value through Other Comprehensive Income	10,796,506	796,392	3,207,423	355,163
Financial Assets Measured at Amortised Cost	10,549,576	1,533,262	2,708,161	347,339
Total	21,477,030	2,362,931	6,015,110	725,395

As disclosed in the accounting policies, the Parent 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 September 2022, the valuation of such securities has been calculated according to the annual inflation forecast of 75%. In case the CPI forecast increases or decreases by 1%, profit before taxes as of 30 September 2022 will increase or decrease by approximately TL 150 million (full amount).

5.4.1.4 Interest income received from associates and subsidiaries

	Current Period	Prior Period
Interest Received from Investments in Associates and Subsidiaries	48,754	69,336

5.4.2 Interest expenses

5.4.2.1 Interest expenses on funds borrowed (*)

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	452,347	420,263	168,844	130,012
Central Bank of Turkey	-	-	-	-
Domestic Banks	440,736	109,175	141,585	79,571
Foreign Banks	11,611	311,088	27,259	50,441
Foreign Head Offices and Branches	-	-	-	-
Other Institutions	-	1,088,321	-	479,667
Total	452,347	1,508,584	168,844	609,679

(*) 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	8,786	18,703

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					Accumulating Deposit Accounts	Total
		Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year		
Turkish Lira								
Bank Deposits	3,007	35,141	-	-	-	-	-	38,148
Saving Deposits	3,924	461,637	10,932,255	890,373	170,965	607,901	-	13,067,055
Public Sector Deposits	-	1,489	4,626	85	105	-	-	6,305
Commercial Deposits	203	2,635,139	1,882,942			375,787	-	7,913,354
Others	-	138,849	279,986	30,296	216,914	250,178	-	916,223
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Total TL	7,134	3,272,255	13,099,809	2,454,846	1,873,175	1,233,866	-	21,941,085
Foreign Currency								
Foreign Currency Deposits	41,501	201,673	518,009	147,180	83,295	65,354	139	1,057,151
Bank Deposits	779	11,218	12,024	-	-	3	-	24,024
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	1,104	14	207	1,292	-	2,617
Total FC	42,280	212,891	531,137	147,194	83,502	66,649	139	1,083,792
Grand Total	49,414	3,485,146	13,630,946	2,602,040	1,956,677	1,300,515	139	23,024,877

<i>Prior Period</i>	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	7,190	59,557	-	-	-	-	-	66,747
Saving Deposits	3,468	361,609	7,671,151	475,539	180,528	309,338	-	9,001,633
Public Sector Deposits	-	2,555	4,330	188	30	-	-	7,103
Commercial Deposits	168	1,882,731	1,602,237	66,877	119,032	164,763	-	3,835,808
Others	-	56,470	155,478	15,418	167,872	569,441	-	964,679
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Total TL	10,826	2,362,922	9,433,196	558,022	467,462	1,043,542	-	13,875,970
Foreign Currency								
Foreign Currency Deposits	1,686	60,933	238,337	38,116	29,151	55,063	120	423,406
Bank Deposits	-	604	707	2,438	7,496	7,038	-	18,283
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	-	-	-	279	-	279
Total FC	1,686	61,537	239,044	40,554	36,647	62,380	120	441,968
Grand Total	12,512	2,424,459	9,672,240	598,576	504,109	1,105,922	120	14,317,938

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>
Income	242,727,406	168,810,451
Trading Account Income	5,218,373	2,630,731
Derivative Financial Instruments	36,850,128	11,884,260
Foreign Exchange Gain	200,658,905	154,295,460
Losses (-)	234,458,704	172,034,503
Trading Account Losses	1,066,336	1,543,776
Derivative Financial Instruments	58,417,509	16,524,035
Foreign Exchange Losses	174,974,859	153,966,692
Total	8,268,702	(3,224,052)

TL 15,346,210 (30 September 2021: TL 2,386,345) of foreign exchange gains and TL 6,020,449 (30 September 2021: TL 6,409,311) 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>
Prior Year Reversals	8,779,417	6,622,034
Stage 1	4,433,285	2,905,234
Stage 2	2,069,921	2,210,777
Stage 3	2,058,610	1,340,815
Others	217,601	165,208
Income from term sale of assets	438,550	305,336
Others (*)	3,605,813	1,595,472
Total	12,823,780	8,522,842

(*) Premium income from insurance business amounting to TL 1,789,573 (30 September 2021: TL 1,192,393) 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>
Expected Credit Losses	19,703,374	10,146,878
12-Month ECL (Stage 1)	4,424,252	1,828,545
Significant Increase in Credit Risk (Stage 2)	10,310,417	4,922,857
Impaired Credits (Stage 3)	4,968,705	3,395,476
Other Provisions	2,923,057	3,333,784
Impairment Losses on Securities	285,583	62,055
Financial Assets Measured at Fair Value through Profit or Loss	285,583	61,736
Financial Assets Measured at Fair Value through Other Comprehensive Income	-	319
Impairment Losses on Associates, Subsidiaries and Joint-ventures	-	-
Associates	-	-
Subsidiaries	-	-
Joint-ventures (business partnership)	-	-
Others (*)	2,637,474	3,271,729
Total	22,626,431	13,480,662

5.4.7 Other operating expenses

	<i>Current Period</i>	<i>Prior Period</i>
Reserve for Employee Termination Benefits	196,100	123,655
Defined Benefit Plan Obligations	-	-
Impairment Losses on Tangible Assets	868	14
Depreciation Expenses of Tangible Assets	373,493	322,770
Impairment Losses on Intangible Assets	-	-
Impairment Losses on Goodwill	-	-
Amortisation Expenses of Intangible Assets	209,811	133,054
Decrease in Value of Equity Accounting Shares	-	-
Impairment Losses on Assets to be Disposed	-	2,506
Depreciation Expenses of Right-of-use Assets	305,432	234,716
Impairment Losses on Assets Held for Sale and Discontinued Assets	1,983	345
Other Operating Expenses	7,502,483	3,909,851
<i>Operational Lease related Expenses (*)</i>	<i>184,889</i>	<i>160,525</i>
<i>Repair and maintenance expenses</i>	<i>135,100</i>	<i>74,393</i>
<i>Advertisement expenses</i>	<i>292,045</i>	<i>151,369</i>
<i>Other expenses</i>	<i>6,890,449</i>	<i>3,523,564</i>
Loss on Sale of Assets	16,219	6,886
Others (**)	2,567,216	1,414,469
Total	11,173,605	6,148,266

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

(**) Includes Saving Deposits Insurance Fund related expenses of TL 921,744 (30 September 2021: TL 519,693) and insurance-business claim losses of TL 830,723 (30 September 2021: TL 419,475) in the current period.

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

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

5.4.9 Information on provision for taxes for continued and discontinued operations

For the period ended 30 September 2022, on a consolidated basis, the Bank recorded a current tax expense of TL 13,442,219 (30 September 2021: TL 3,147,569) and a deferred tax income of TL 1,403,029 (30 September 2021: TL 124,544).

There is no amount from discontinued operations.

Deferred tax benefit/charge on timing differences

Deferred tax (benefit)/charge on timing differences	<i>Current Period</i>	<i>Prior Period</i>
Increase in Tax Deductible Timing Differences (+)	(4,324,246)	(1,035,391)
Decrease in Tax Deductible Timing Differences (-)	1,780,960	493,293
Increase in Taxable Timing Differences (-)	3,035,041	453,367
Decrease in Taxable Timing Differences (+)	(1,894,784)	(35,813)
Total	(1,403,029)	(124,544)

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

Deferred tax (benefit)/charge arising on timing differences, tax losses and tax deductions and exemptions	Current Period	Prior Period
(Increase)/Decrease in Tax Deductible Timing Differences (net)	(2,543,286)	(561,159)
(Increase)/Decrease in Taxable Timing Differences (net)	1,140,257	417,554
(Increase)/Decrease in Tax Losses (net)	-	19,061
(Increase)/Decrease in Tax Deductions and Exemptions (net)	-	-
Total	(1,403,029)	(124,544)

5.4.10 Net operating profit/loss after taxes including net profit/loss from discontinued operations

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

5.4.11 Net profit/loss

5.4.11.1 Any further explanation on operating results needed for better understanding of bank’s performance

None.

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

None.

5.4.11.3 Minority interest’s profit/loss

	Current Period	Prior Period
Net Profit/(Loss) of Minority Interest	156,246	88,050

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	630,311	24,142	880,147	1,817,495	87,503	194,549
Balance at end of period	718,841	20,690	528,053	2,686,711	101,446	20,313
Interest and Commission Income	51,141	21	47,074	-	3,951	-

Prior Period:

Bank's Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Balance at beginning of period	792,970	27,873	662,187	878,143	157,906	51,551
Balance at end of period	630,311	24,142	880,147	1,817,495	87,503	194,549
Interest and Commission Income	70,557	16	24,891	-	8,480	89

5.7.1.2 Deposits

Bank's Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Balance at beginning of period	135,477	347,975	31,849	70,153	7,101,109	441,807
Balance at end of period	194,853	135,477	21,292	31,849	4,767,348	7,101,109
Interest Expenses	8,786	18,703	50	65	779,940	19,504

5.7.1.3 Derivative transactions

Bank's Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Transactions at Fair Value Through Profit/(Loss)						
Balance at beginning of period	50,000	572,425	43,176,984	30,964,751	-	-
Balance at end of period	332,375	50,000	50,018,514	43,176,984	-	-
Total Profit/(Loss)	(967)	2,149	59,836	132,323	-	-
Transactions for Hedging						
Balance at beginning of period	-	-	220,100	565,120	-	-
Balance at end of period	-	-	-	220,100	-	-
Total Profit/(Loss)	-	-	(3,048)	(905)	-	-

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 769,708 (31 December 2021: TL 620,298) compose 0.11% (31 December 2021: 0.13%) of the Bank's total consolidated cash loans and 0.04% (31 December 2021: 0.07%) of the Bank's total consolidated assets. The total loans and similar receivables amounting TL 1,348,340 (31 December 2021: TL 1,597,961) compose 0.11% (31 December 2021: 0.19%) of the Bank's total consolidated assets. The non-cash loans of the risk group amounting TL 2,728,799 (31 December 2021: TL 2,036,186) compose 1.33% (31 December 2021: 1.51%) of the Bank's total consolidated non-cash loans. The deposits of the risk group amounting TL 5,065,275 (31 December 2021: TL 7,268,435) compose 0.59% (31 December 2021: 1.25%) of the Bank's total consolidated deposits. There are no funds borrowed by the Bank and its consolidated financial subsidiaries from their risk group of the Bank's total consolidated funds borrowed. The pricing in transactions with the risk group companies is set on an arm's-length basis.

A total rent income of TL 3,911 (30 September 2021: TL 3,984) was recognized for the real estates rented to the related parties.

Other income of TL 5,966 (30 September 2021: TL 5,860) for the IT services rendered and banking services fee income of TL 5,079 (30 September 2021: TL 11,851) were recognized from the related parties.

Operating expenses of TL 59,396 (31 September 2021: TL 68,392) 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 186,933 as of 30 September 2022 (30 September 2021: TL 95,818).

5.7.2.3 *Other matters not required to be disclosed*

None

5.7.2.4 *Transactions accounted for under equity method*

None.

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

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

Purchase of equipment for internal use are partly arranged through leasing.

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

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

5.9 Matters arising subsequent to the balance sheet date

None.

5.10 Other disclosures on activities

5.10.1 Information on international risk ratings

5.10.1.1 Parent Bank's international risk ratings

MOODY'S (December 2020)

Outlook	Negative
Long-Term FC Deposit	B2
Long-Term TL Deposit	B2
Short-Term FC Deposit	Not Prime
Short-Term TL Deposit	Not Prime
Basic Loan Assessment	b3
Adjusted Loan Assessment	b3
Senior Unsecured Rating (Regular Bond)	B2 (Negative)
Senior Unsecured Rating (Medium-Term Note Program)	P (B2)
Long-Term National Scale Rating (NSR)	A1.tr
Short-Term NSR	TR-1

FITCH RATINGS (July 2022)

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

JCR EURASIA RATINGS (September 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+(Trk) (Stable)

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

MOODY'S (October 2021) (*)

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

(*) Latest date in risk ratings or outlooks

5.10.1.3 International risk ratings of Garanti Faktoring, a consolidated subsidiary

FITCH RATINGS (July 2022) (*)

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

(*) Latest date in risk ratings or outlooks

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

FITCH RATINGS (July 2022) (*)

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

(*) Latest date in risk ratings or outlooks

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

FITCH RATINGS (June 2022) (*)

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

(*) Latest date in risk ratings or outlooks

5.10.2 Dividends

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

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

5.10.3 Other disclosures

None.

6 Limited Review Report

6.1 Disclosure on limited review report

The consolidated financial statements of the Bank and its financial subsidiaries as of 30 September 2022, have been reviewed Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş (a member firm of Ernst&Young Global Limited) and a limited review report dated 27 October 2022, 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 September 2022. Based on the consolidated financials, the Bank's **net income** in the first 9 months of the year recorded as TL 38 billion 726 million 62 thousand. **Asset size** realized at TL 1 trillion 223 billion 427 million 168 thousand and the Bank's contribution to the economy through cash and non-cash **loans** was TL 873 billion 289 million 170 thousand. Actively managing the funding base, deposits continued to be the main funding source; 69.5% of assets are funded via deposits. Customer deposit base reached to TL 850 billion 605 million 561 thousand with 47% growth in the first 9 months of the year. Preserving the strong capital stance, Bank's capital adequacy ratio was realized at 16.2%*. The Bank delivered an **ROAE** (Return on Average Equity) of 49%** and an **ROAA** (Return on Average Assets) of 5%**.

*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 third quarter the agenda of global economies were inflation, climate and slowdown in growth. IMF decreased its global growth expectation in September. It is predicted that the global growth will decrease by 3.2% for this year and 2.7% for the upcoming year. This is the lowest growth expectation since 2001, aside from the global financial crisis and the peak of Covid -19 pandemic. The most striking point made in the mentioned report, is the fact that global economic outlook is still full of uncertainties. Inflation is the main factor pressuring the growth. In all over the world, countries are witnessing the highest inflation figures in their respective histories.

While inflationary pressures are also being experienced in our country, the economic growth remains strong with the help of loose monetary policies, better than expected tourism revenues and lending growth. We observe the effect of weakening global growth in the loss of momentum in export revenues. Despite the challenging and uncertain economic conditions, as Garanti BBVA, we are pleased to report the continued improvement in our operating results this quarter. Our capital generation capability, healthy & strong balance sheet structure, liquidity and profitability ratios enable us to continue supporting the economy.

For us economic development is not only focusing on lending growth, but also sustainability transformation. Without the earth that we live on and a society with equal rights, it is not possible to sustain these financial systems. Therefore, we must all be part of the solution. We, as Garanti BBVA, offer variety of sustainability products targeting from gender equality to energy efficiency, increasing financial literacy to the circular economy. We have also directed our efforts to sustainability through our policies that have been integrated into the company for more than 16 years now. Our majority shareholder BBVA increased its sustainable financing target of EUR 100 billion, that was announced in 2018, to EUR 300 billion in October 2022. As Garanti BBVA, our contribution to this target since 2018 has totalled to more than TL 37 billion, and we plan to increase this to TL 150 billion until 2025.

We will continue to be a pioneer in the sector with the success and innovations we have achieved both in the financial field and in sustainability."

Commenting on the topic, **Garanti BBVA CEO Recep Baştuğ** said: “Commenting on the topic, Garanti BBVA CEO Recep Baştuğ said: “The banking sector grew by 51% in TL loans in the first 9 months. Although the growth is well above the previous years, it points to a level below inflation. Loan growth was mainly in Turkish lira and on the commercial side. As Garanti BBVA, we strengthened our pioneering position by gaining market share in both corporate and consumer loans, with 72% and 37% growth, respectively. On the other hand, the contraction in foreign currency loans has continued at an accelerated pace due to the low demand and redemptions. Economic activity, supported by the loan growth and low interest rate environment, prevented non-performing loan inflows. As in the sector, the our asset quality is improving and collections remain strong. Foreign Currency Protected Deposit was the funding source of the loans. Only in the third quarter, we increased our Foreign Currency Protected Deposit volume by nearly 30% in net. Today, Foreign Currency Protected deposits constitute more than 60% of our TL time deposits. With the effect of this scheme, we witnessed that the deposit maturities were extended for the first time in the sector, which positively supported the duration gap management in the bank balance sheets.

Though the slowdown in economic growth is the main agenda item globally, our country positively differentiates with its strong growth. As always, the banking sector remains to be main engine of this growth. Banking sector has successfully gone through many tests on the back of its strong capital. We will always need this capital strength in supporting our country to meet its growth targets in the upcoming period.

As of September, our pre-tax profit reached TL 39 billion, indicating a return on equity of 49%. As inflation has reached 83%, protecting the capital that has allowed us to generate this profit has been the Bank’s main challenge. Inflation has also affected our main shareholder’s consolidated balance sheet. BBVA Group, abides by the IAS 29 inflation accounting rules when consolidating us into their balance sheet. While we announce a net profit of 39 billion TL in Turkey, our shareholder declares a profit of 336 million Euro or 6 billion TL when adjusted with inflation.”

Recep Baştuğ continues as follows: “As a bank we not only focus on acquiring new customers, but offering a seamless customer experience by constantly improving our services. We position mobile banking at the core of customer experience. We focus on providing real-time, smart, personalized content and recommendations by using the power of technology without excluding the "human" factor in mobile channels. As we mark our 15th year in mobile banking, the number of our mobile customers has reached 12.6 million. The number of mobile banking transactions have increased by 100% due to the pandemic and is continuing to increase.

Effective data mining, providing value added solutions to our customer, customer experience and their financial health are our top priorities. We support these priorities with highly advanced artificial intelligence solutions and while focusing on creating long-term, healthy and permanent relationships with our customers. In the upcoming period, this diversified and effective structure will continue to be one of the most valuable asset of the Bank.

I would like to thank my colleagues who have shown great effort and contribution during this process, our customers who have been along for this journey with their support and trust in us, and all of our stakeholders.”

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

7.1.1 Selected Figures of Consolidated Financial Statements

Selected Balance Sheet Items	Current Period 30.September.2022	Prior Period 31.Dec.2021	Change Δ %
Total Assets	1,223,437,168	850,475,600	43.9%
Loans*	687,112,307	492,589,718	39.5%
- Performing Loans	668,202,284	475,285,220	40.6%
- Non-Performing Loans	18,910,023	17,304,498	9.3%
Customer Deposits	850,605,561	580,376,196	46.6%
Shareholders' Equity	131,668,396	80,300,855	64.0%
* Excludes Leasing and Factoring receivables			
Selected P&L Items	Current Period 30.September.2022	Prior Period 30.September.2021	Change Δ %
Net Interest Income	57,948,604	23,862,718	142.8%
Operating Expenses	18,443,687	10,123,014	82.2%
- HR Cost	7,270,082	3,974,748	82.9%
- Other Operating Expenses	11,173,605	6,148,266	81.7%
Net Fees&Commissions	12,008,205	6,489,928	85.0%
Net Income	38,726,062	9,514,621	307.0%

Selected Financial Ratios	Current Period 30.September.2022	Prior Period 31.Dec.2021	Change Δ bps
Performing Loans/Assets	54.6%	55.9%	-127
Deposits/Assets	60.2%	68.2%	-800
Return on Average Equity	49.0%	18.9%	3008
Return on Average Assets	5.0%	2.0%	296
Non-Performing Loans Ratio	2.8%	3.6%	-77
Capital Adequacy Ratio*	16.2%	14.1%	210
* Calculated without the forbearance introduced by BRSA			

Market Shares*	Current Period 30.September.2022	Prior Period 31.Dec.2021	Change Δ bps
Performing Loans	9.9%	9.7%	15
TL Performing Loans	10.5%	10.2%	35
FC Performing Loans	8.6%	9.1%	-48
Customer Deposits	10.4%	10.8%	-32
TL Customer Deposits	9.8%	10.4%	-53
FC Customer Deposits	11.0%	11.1%	-11
<i>*Market Shares are calculated per bank-only financials, for fair comparison</i>			
Garanti with Numbers¹	Current Period 30.September.2022	Prior Period 31.Dec.2021	Change Δ %
Branch Network	850	872	-2.5%
Number of Employees	18,766	18,354	2.2%
ATM	5,442	5,401	0.8%
POS*	768,256	700,616	9.7%
Number of Customers	22,506,887	20,271,437	11.0%
Number of Digital Customers**	13,182,514	11,040,150	19.4%
Number of Credit Card Customers	8,904,270	7,903,799	12.7%
<i>1 Subsidiaries are not included.</i>			
<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 01.01.2022-30.09.2022

There is no change during the period.

7.3 Announcements regarding important developments in the period of 01.01.2022-30.09.2022

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

7.4 Assessment of financial information and risk management

You may find information regarding the assessment of financial position, profitability and debt payment capability, risk management explanations and ratings in the financial statements for the period ended 30 September 2022. Additionally, you may find detailed information in the earnings presentation regarding financial results of the related period published on Garanti BBVA Investor Relations website at www.garantibbvainvestorrelations.com.

You may find financial information on Garanti BBVA for the most recent five year period in the 2021 Integrated Annual Report that was published on the Public Disclosure Platform, the Bank's website, Garanti BBVA Investor Relations website and at www.garantibbvainvestorrelations.com/en/integrated-annual-report/.

7.5 Information regarding management and corporate governance practices

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

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

7.6 Forward looking statements regarding the expectations

As per the Article 10 of the "Communiqué on Material Events Disclosure" (II-15.1) of Capital Markets Board, T. Garanti Bankası A.Ş. has announced its forward looking statements regarding the expectations for the year 2022. You may access the related presentation that was published on the Public Disclosure Platform, the Bank's website and Garanti BBVA Investor Relations' website at www.garantibbvainvestorrelations.com in [Operating Plan Guidance Presentations](#) section.