

*(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 2023**

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

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

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**Convenience Translation of the Auditor's Review Report Originally Issued in Turkish****Independent Auditors' Review Report on 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, 2023 and the related consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in shareholders' equity, consolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the consolidated financial statements for the nine month period then ended. The Group Management is responsible for the preparation and fair presentation of these consolidated interim financial information in accordance with the Banking Regulation and Supervision Agency ("BRSA") Accounting and Financial Reporting Legislation which includes "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by BRSA and Turkish Accounting Standard 34 "Interim Financial Reporting" for those matters not regulated by the aforementioned regulations. Our responsibility is to express a conclusion on these consolidated interim financial statements based on our review.

*Scope of Review*

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

*Basis of Qualified Conclusion*

As explained in Section Five Part 2.9.4, the accompanying consolidated financial statements as of September 30, 2023 include a free provision amounting to Thousand TL 3,000,000, of which Thousand TL 8,000,000 was provided in prior years and Thousand TL 5,000,000 was reversed in the current period by the Group management, due to the possible effects of negative circumstances which may arise from the possible changes in the economy and market conditions which does not meet the recognition criteria of TAS 37 "Provisions, Contingent Liabilities and Contingent Assets".



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*Qualified Conclusion*

Based on our review, except for the effect of the matter referred in the basis of qualified conclusion paragraph on the consolidated financial statements, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not give a true view of the financial position of the Group at September 30, 2023 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.

*Report on other regulatory requirements arising from legislation*

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

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

Damla Harman, SMMM  
Partner

October 30, 2023  
İstanbul, Türkiye

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

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

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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**

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

**Structured Entities**

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

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

**Süleyman Sözen**  
Board of Directors  
Chairman

**Recep Baştuğ**  
General Manager

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

**Hakan Özdemir**  
Financial Reporting and  
Accounting Director

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

**Avni Aydın Düren**  
Audit Committee Member

**Belkıs Sema Yurdum**  
Audit Committee Member

The authorized contact person for questions on this financial report:

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

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	<b>Page No:</b>
<b><u>SECTION ONE</u></b>	
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

<b><u>SECTION TWO</u></b>	
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
VIII. Statement of profit distribution	11

<b><u>SECTION THREE</u></b>	
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	20
IX. Disclosures about netting and derecognition of financial instruments	26
X. Repurchase and resale agreements and securities lending	28
XI. Assets held for sale, assets of discontinued operations and related liabilities	28
XII. Goodwill and other intangible assets	28
XIII. Tangible assets	29
XIV. Leasing activities	30
XV. Provisions and contingent liabilities	31
XVI. Contingent assets	31
XVII. Liabilities for employee benefits	31
XVIII. Insurance technical reserves and technical income and expense	33
XIX. Taxation	33
XX. Funds borrowed	37
XXI. Share and share issuances	37
XXII. Confirmed bills of exchange and acceptances	37
XXIII. Government incentives	37
XXIV. Segment reporting	37
XXV. Profit reserves and profit appropriation	39
XXVI. Earnings per share	39
XXVII. Related parties	40
XXVIII. Cash and cash equivalents	40
XXIX. Other disclosures	40

<b><u>SECTION FOUR</u></b>	
Consolidated Financial Position and Results of Operations and Risk Management	
I. Consolidated total capital	41
II. Consolidated credit risk	51
III. Consolidated currency risk	51
IV. Consolidated interest rate risk	53
V. Consolidated position risk of equity securities	57
VI. Liquidity risk management and consolidated liquidity coverage ratio	58
VII. Consolidated leverage ratio	64
VIII. Fair values of financial assets and liabilities	65
IX. Transactions carried out on behalf of customers and items held in trust	65
X. Risk management objectives and policies	66

## **SECTION FIVE**

### Disclosures and Footnotes on Consolidated Financial Statements

I.	Consolidated assets	70
II.	Consolidated liabilities	100
III.	Consolidated off-balance sheet items	110
IV.	Consolidated statement of profit or loss	112
V.	Consolidated statement of changes in shareholders' equity	117
VI.	Consolidated statement of cash flows	117
VII.	Related party risks	118
VIII.	Domestic, foreign and off-shore branches or equity investments, and foreign representative offices of Parent Bank	119
IX.	Matters arising subsequent to the balance sheet date	119
X.	Other disclosures on activities	120

## **SECTION SIX**

### Limited Review Report

I.	Disclosure on limited review report	123
II.	Disclosures and footnotes prepared by independent auditors	123

## **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	124
II.	The amendments in the articles of association during the period of 01.01.2023-30.09.2023	127
III.	Announcements regarding important developments during the period of 01.01.2023-30.09.2023	127
IV.	Assessment of financial information and risk management	127
V.	Information regarding management and corporate governance practices	128
VI.	Forward looking statements regarding the expectations	128

## **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 817 domestic branches, 8 foreign branches and 1 representative office (31 December 2022: 829 domestic branches, 8 foreign branches and 1 representative office). The Bank’s head office is located in Istanbul.

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

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

On 22 March 2011, BBVA had acquired; 78.120.000.000 shares of the Bank owned by GE Capital Corporation at a total nominal value of TL 781,200 representing 18.60% ownership, and 26.418.840.000 shares of the Bank owned by Doğu 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 Doğu Holding AŞ (“the Doğu 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 Doğu 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 Doğu 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 Doğu Group to acquire 41.790.000.000 shares at a nominal value of TL 417,900 representing 9.95% ownership and on 22 March 2017 in accordance with the terms of the agreement share transfer had been finalized. After the share transfer BBVA’s interest in the share capital of the Bank is at 49.85%.

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

#### **BBVA Group**

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

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



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

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

#### Board of Directors Chairman and Members:

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

#### CEO and Executive Vice Presidents:

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

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

#### 1.4 Information on Parent Bank's qualified shareholders

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

#### 1.5 Summary information on Parent Bank's activities and services

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

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

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

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

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

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

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

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

None.

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

ASSETS		Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
			CURRENT PERIOD			PRIOR PERIOD		
			30 September 2023			31 December 2022		
			TL	FC	Total	TL	FC	Total
<b>I. FINANCIAL ASSETS (Net)</b>			<b>240,147,227</b>	<b>353,368,670</b>	<b>593,515,897</b>	<b>116,594,984</b>	<b>260,639,834</b>	<b>377,234,818</b>
1.1 Cash and Cash Equivalents		5.1.1	171,387,178	300,017,883	471,405,061	44,684,945	226,814,796	271,499,741
1.1.1 Cash and Balances with Central Bank			169,874,527	149,085,289	318,959,816	9,205,355	130,364,387	139,569,742
1.1.2 Banks			2,119,175	128,912,438	131,031,613	1,029,482	61,129,299	62,158,781
1.1.3 Money Market Placements			150,259	22,580,592	22,730,851	34,809,528	35,871,173	70,680,701
1.1.4 Expected Credit Losses (-)			756,783	560,436	1,317,219	359,420	550,063	909,483
1.2 Financial Assets Measured at Fair Value through Profit/Loss (FVTPL)		5.1.2	7,090,708	5,011,918	12,102,626	3,747,045	2,024,414	5,771,459
1.2.1 Government Securities			2,589,527	4,113,694	6,703,221	1,144,328	1,369,671	2,513,999
1.2.2 Equity Securities			4,465,011	102,733	4,567,744	2,580,133	67,322	2,647,455
1.2.3 Other Financial Assets			36,170	795,491	831,661	22,584	587,421	610,005
1.3 Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)		5.1.3	55,376,565	39,060,326	94,436,891	63,766,271	25,162,129	88,928,400
1.3.1 Government Securities			54,725,621	18,876,741	73,602,362	63,312,355	13,784,771	77,097,126
1.3.2 Equity Securities			234,648	1,413,055	1,647,703	136,664	886,055	1,022,719
1.3.3 Other Financial Assets			416,296	18,770,530	19,186,826	317,252	10,491,303	10,808,555
1.4 Derivative Financial Assets		5.1.4	6,292,776	9,278,543	15,571,319	4,396,723	6,638,495	11,035,218
1.4.1 Derivative Financial Assets Measured at FVTPL			6,074,614	7,995,340	14,069,954	4,201,002	5,576,712	9,777,714
1.4.2 Derivative Financial Assets Measured at FVOCI			218,162	1,283,203	1,501,365	195,721	1,061,783	1,257,504
<b>II. FINANCIAL ASSETS MEASURED AT AMORTIZED COST (Net)</b>			<b>807,413,447</b>	<b>462,661,437</b>	<b>1,270,074,884</b>	<b>545,071,650</b>	<b>313,974,340</b>	<b>859,045,990</b>
2.1 Loans		5.1.5	690,649,454	399,027,638	1,089,677,092	488,158,178	272,946,066	761,104,244
2.2 Lease Receivables		5.1.6	10,168,522	18,814,387	28,982,909	5,368,497	13,563,796	18,932,293
2.3 Factoring Receivables		5.1.7	9,261,969	1,345,465	10,607,434	8,499,216	1,043,186	9,542,402
2.4 Other Financial Assets Measured at Amortised Cost		5.1.8	118,480,514	71,283,383	189,763,897	62,454,628	47,565,228	110,019,856
2.4.1 Government Securities			115,011,617	60,975,713	175,987,330	62,420,560	42,843,973	105,264,533
2.4.2 Other Financial Assets			3,468,897	10,307,670	13,776,567	34,068	4,721,255	4,755,323
2.5 Expected Credit Losses (-)			21,147,012	27,809,436	48,956,448	19,408,869	21,143,936	40,552,805
<b>III. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)</b>		5.1.9	<b>2,117,560</b>	<b>24,771</b>	<b>2,142,331</b>	<b>778,290</b>	<b>2,128</b>	<b>780,418</b>
3.1 Asset Held for Resale			2,117,560	24,771	2,142,331	778,290	2,128	780,418
3.2 Assets of Discontinued Operations			-	-	-	-	-	-
<b>IV. INVESTMENTS IN ASSOCIATES,SUBSIDIARIES AND JOINT VENTURES</b>			<b>4,219,257</b>	<b>136,564</b>	<b>4,355,821</b>	<b>2,196,176</b>	<b>84,786</b>	<b>2,280,962</b>
4.1 Associates (Net)		5.1.10	123,693	23	123,716	111,641	16	111,657
4.1.1 Associates Consolidated Under Equity Accounting			-	-	-	-	-	-
4.1.2 Unconsolidated Associates			123,693	23	123,716	111,641	16	111,657
4.2 Subsidiaries (Net)		5.1.11	4,095,564	136,541	4,232,105	2,084,535	84,770	2,169,305
4.2.1 Unconsolidated Financial Investments in Subsidiaries			-	-	-	-	-	-
4.2.2 Unconsolidated Non-Financial Investments in Subsidiaries			4,095,564	136,541	4,232,105	2,084,535	84,770	2,169,305
4.3 Joint Ventures (Net)		5.1.12	-	-	-	-	-	-
4.3.1 Joint-Ventures Consolidated Under Equity Accounting			-	-	-	-	-	-
4.3.2 Unconsolidated Joint-Ventures			-	-	-	-	-	-
<b>V. TANGIBLE ASSETS (Net)</b>		5.1.13	<b>16,077,305</b>	<b>1,452,589</b>	<b>17,529,894</b>	<b>10,868,068</b>	<b>919,939</b>	<b>11,788,007</b>
<b>VI. INTANGIBLE ASSETS (Net)</b>		5.1.14	<b>1,386,805</b>	<b>332,178</b>	<b>1,718,983</b>	<b>1,108,330</b>	<b>154,692</b>	<b>1,263,022</b>
6.1 Goodwill			6,388	-	6,388	6,388	-	6,388
6.2 Others			1,380,417	332,178	1,712,595	1,101,942	154,692	1,256,634
<b>VII. INVESTMENT PROPERTY (Net)</b>		5.1.15	<b>1,405,843</b>	<b>-</b>	<b>1,405,843</b>	<b>926,800</b>	<b>-</b>	<b>926,800</b>
<b>VIII. CURRENT TAX ASSET</b>			<b>-</b>	<b>43,688</b>	<b>43,688</b>	<b>-</b>	<b>9,604</b>	<b>9,604</b>
<b>IX. DEFERRED TAX ASSET</b>		5.1.16	<b>15,198,897</b>	<b>150,532</b>	<b>15,349,429</b>	<b>6,952,355</b>	<b>153,036</b>	<b>7,105,391</b>
<b>X. OTHER ASSETS (Net)</b>		5.1.17	<b>64,082,593</b>	<b>6,107,630</b>	<b>70,190,223</b>	<b>38,675,419</b>	<b>4,468,052</b>	<b>43,143,471</b>
<b>TOTAL ASSETS</b>			<b>1,152,048,934</b>	<b>824,278,059</b>	<b>1,976,326,993</b>	<b>723,172,072</b>	<b>580,406,411</b>	<b>1,303,578,483</b>

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

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

LIABILITIES AND SHAREHOLDERS' EQUITY		Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
			CURRENT PERIOD			PRIOR PERIOD		
			30 September 2023			31 December 2022		
			TL	FC	Total	TL	FC	Total
<b>I. DEPOSITS</b>		5.2.1	772,674,528	664,529,038	1,437,203,566	424,860,771	483,878,688	908,739,459
<b>II. FUNDS BORROWED</b>		5.2.2	5,005,667	50,691,119	55,696,786	5,959,345	39,897,378	45,856,723
<b>III. MONEY MARKET FUNDS</b>		5.2.3	9,157,309	43,820,105	52,977,414	1,806,883	22,492,126	24,299,009
<b>IV. SECURITIES ISSUED (NET)</b>		5.2.4	502,425	9,891,620	10,394,045	1,184,471	16,423,718	17,608,189
4.1 Bills			350,754	816,496	1,167,250	494,963	990,538	1,485,501
4.2 Asset Backed Securities			-	-	-	-	-	-
4.3 Bonds			151,671	9,075,124	9,226,795	689,508	15,433,180	16,122,688
<b>V. FUNDS</b>			-	-	-	-	-	-
5.1 Borrowers' Funds			-	-	-	-	-	-
5.2 Others			-	-	-	-	-	-
<b>VI. FINANCIAL LIABILITIES MEASURED AT FVTPL</b>		5.2.5	-	44,225,879	44,225,879	-	32,020,818	32,020,818
<b>VII. DERIVATIVE FINANCIAL LIABILITIES</b>		5.2.6	6,968,529	8,763,840	15,732,369	4,984,444	5,967,916	10,952,360
7.1 Derivative Financial Liabilities Measured at FVTPL			6,859,194	8,739,004	15,598,198	4,954,713	5,961,041	10,915,754
7.2 Derivative Financial Liabilities Measured at FVOCI			109,335	24,836	134,171	29,731	6,875	36,606
<b>VIII. FACTORING LIABILITIES</b>		5.2.7	-	-	-	-	-	-
<b>IX. LEASE LIABILITIES (Net)</b>		5.2.8	1,461,543	681,525	2,143,068	1,071,865	387,385	1,459,250
<b>X. PROVISIONS</b>		5.2.9	12,289,205	8,567,536	20,856,741	8,382,488	13,093,913	21,476,401
10.1 Restructuring Reserves			-	-	-	-	-	-
10.2 Reserve for Employee Benefits			2,966,526	296,195	3,262,721	3,478,801	274,427	3,753,228
10.3 Insurance Technical Provisions (Net)			1,721,158	1,840,885	3,562,043	1,392,752	877,772	2,270,524
10.4 Other Provisions			7,601,521	6,430,456	14,031,977	3,510,935	11,941,714	15,452,649
<b>XI. CURRENT TAX LIABILITY</b>		5.2.10	10,051,354	549,274	10,600,628	7,755,761	294,566	8,050,327
<b>XII. DEFERRED TAX LIABILITY</b>		5.2.10	46,653	96,075	142,728	129,591	68,237	197,828
<b>XIII. LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)</b>		5.2.11	-	-	-	-	-	-
13.1 Asset Held for Sale			-	-	-	-	-	-
13.2 Assets of Discontinued Operations			-	-	-	-	-	-
<b>XIV. SUBORDINATED DEBTS</b>		5.2.12	1,042,462	21,196,035	22,238,497	1,021,983	14,223,946	15,245,929
14.1 Borrowings			-	542,640	542,640	-	177,086	177,086
14.2 Other Debt Instruments			1,042,462	20,653,395	21,695,857	1,021,983	14,046,860	15,068,843
<b>XV. OTHER LIABILITIES</b>		5.2.13	70,869,335	17,850,359	88,719,694	52,080,998	12,467,072	64,548,070
<b>XVI. SHAREHOLDERS' EQUITY</b>		5.2.14	214,613,073	782,505	215,395,578	152,453,361	670,759	153,124,120
16.1 Paid-in Capital			4,200,000	-	4,200,000	4,200,000	-	4,200,000
16.2 Capital Reserves			784,434	-	784,434	784,434	-	784,434
16.2.1 Share Premium			11,880	-	11,880	11,880	-	11,880
16.2.2 Share Cancellation Profits			-	-	-	-	-	-
16.2.3 Other Capital Reserves			772,554	-	772,554	772,554	-	772,554
16.3 Other Comprehensive Income/Expense Items not to be Recycled to Profit or Loss			12,085,436	402,403	12,487,839	4,362,383	199,038	4,561,421
16.4 Other Comprehensive Income/Expense Items to be Recycled to Profit or Loss			25,584,934	(212,116)	25,372,818	20,091,780	(177,731)	19,914,049
16.5 Profit Reserves			113,987,906	592,218	114,580,124	63,133,332	649,452	63,782,784
16.5.1 Legal Reserves			2,938,316	409,869	3,348,185	1,855,184	287,765	2,142,949
16.5.2 Status Reserves			-	-	-	-	-	-
16.5.3 Extraordinary Reserves			110,794,946	-	110,794,946	61,173,883	-	61,173,883
16.5.4 Other Profit Reserves			254,644	182,349	436,993	104,265	361,687	465,952
16.6 Profit/Loss			57,217,490	-	57,217,490	59,396,697	-	59,396,697
16.6.1 Prior Periods' Profit/Loss			-	-	-	1,111,319	-	1,111,319
16.6.2 Current Period's Net Profit/Loss			57,217,490	-	57,217,490	58,285,378	-	58,285,378
16.7 Minority Interest			752,873	-	752,873	484,735	-	484,735
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>			<b>1,104,682,083</b>	<b>871,644,910</b>	<b>1,976,326,993</b>	<b>661,691,961</b>	<b>641,886,522</b>	<b>1,303,578,483</b>

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

(Convenience Translation of Financial Statements Originally Issued in Turkish)

**Türkiye Garanti Bankası Anonim Şirketi and Its Financial Subsidiaries**  
**Consolidated Off-Balance Sheet Items**  
**At 30 September 2023**

	Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
		CURRENT PERIOD			PRIOR PERIOD		
		30 September 2023			31 December 2022		
		TL	FC	Total	TL	FC	Total
<b>A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)</b>		<b>1,022,301,804</b>	<b>1,062,875,679</b>	<b>2,085,177,483</b>	<b>671,097,930</b>	<b>891,778,505</b>	<b>1,562,876,435</b>
<b>I. GUARANTEES AND SURETIES</b>	<b>5.3.1</b>	<b>196,580,804</b>	<b>178,904,459</b>	<b>375,485,263</b>	<b>109,607,909</b>	<b>122,760,648</b>	<b>232,368,557</b>
1.1 Letters of guarantee		183,160,238	127,077,189	310,237,427	103,006,476	84,083,930	187,090,406
1.1.1 Guarantees subject to State Tender Law		-	3,900,010	3,900,010	-	3,426,185	3,426,185
1.1.2 Guarantees given for foreign trade operations		10,172,746	4,942,154	15,114,900	4,397,754	2,191,958	6,589,712
1.1.3 Other letters of guarantee		172,987,492	118,235,025	291,222,517	98,608,722	78,465,787	177,074,509
1.2 Bank acceptances		1,245,337	5,293,985	6,539,322	496,948	3,421,615	3,918,563
1.2.1 Import letter of acceptance		1,245,337	5,293,985	6,539,322	496,948	3,421,615	3,918,563
1.2.2 Other bank acceptances		-	-	-	-	-	-
1.3 Letters of credit		759,686	44,767,849	45,527,535	746,185	34,313,538	35,059,723
1.3.1 Documentary letters of credit		-	-	-	-	-	-
1.3.2 Other letters of credit		759,686	44,767,849	45,527,535	746,185	34,313,538	35,059,723
1.4 Guaranteed prefinancings		-	-	-	-	-	-
1.5 Endorsements		11,415,543	113,732	11,529,275	5,358,300	295,471	5,653,771
1.5.1 Endorsements to the Central Bank of Turkey		11,415,543	113,732	11,529,275	5,358,300	295,471	5,653,771
1.5.2 Other endorsements		-	-	-	-	-	-
1.6 Underwriting commitments		-	-	-	-	-	-
1.7 Factoring related guarantees		-	-	-	-	-	-
1.8 Other guarantees		-	1,651,704	1,651,704	-	646,094	646,094
1.9 Other sureties		-	-	-	-	-	-
<b>II. COMMITMENTS</b>	<b>5.3.1</b>	<b>514,216,627</b>	<b>62,928,526</b>	<b>577,145,153</b>	<b>218,307,341</b>	<b>31,192,316</b>	<b>249,499,657</b>
2.1 Irrevocable commitments		510,667,284	47,588,705	558,255,989	215,581,203	19,686,627	235,267,830
2.1.1 Asset purchase and sale commitments		3,978,208	26,322,975	30,301,183	5,186,628	13,131,771	18,318,399
2.1.2 Deposit purchase and sale commitments		-	-	-	-	-	-
2.1.3 Share capital commitments to associates and subsidiaries		-	-	24	-	6,102	6,102
2.1.4 Loan granting commitments		100,365,636	11,146,746	111,512,382	66,318,811	4,373,698	70,692,509
2.1.5 Securities issuance brokerage commitments		-	-	-	-	-	-
2.1.6 Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7 Commitments for cheque payments		9,499,248	-	9,499,248	5,515,488	-	5,515,488
2.1.8 Tax and fund obligations on export commitments		686,482	-	686,482	342,576	-	342,576
2.1.9 Commitments for credit card limits		396,131,315	3,072,278	399,203,593	138,214,417	1,949,586	140,164,003
2.1.10 Commitments for credit cards and banking services related promotions		6,395	-	6,395	3,283	-	3,283
2.1.11 Receivables from "short" sale commitments on securities		-	-	-	-	-	-
2.1.12 Payables from "short" sale commitments on securities		-	-	-	-	-	-
2.1.13 Other irrevocable commitments		-	7,046,682	7,046,682	-	225,470	225,470
2.2 Revocable commitments		3,549,343	15,339,821	18,889,164	2,726,138	11,505,689	14,231,827
2.2.1 Revocable loan granting commitments		580,770	12,448,637	13,029,407	614,415	8,683,209	9,297,624
2.2.2 Other revocable commitments		2,968,573	2,891,184	5,859,757	2,111,723	2,822,480	4,934,203
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>	<b>5.3.2</b>	<b>311,504,373</b>	<b>821,042,694</b>	<b>1,132,547,067</b>	<b>343,182,680</b>	<b>737,825,541</b>	<b>1,081,008,221</b>
3.1 Derivative financial instruments held for risk management		7,060,545	62,385,875	69,446,420	6,845,713	63,054,448	69,900,161
3.1.1 Fair value hedges		-	29,387,277	29,387,277	-	18,740,678	18,740,678
3.1.2 Cash flow hedges		7,060,545	32,998,598	40,059,143	6,845,713	44,313,770	51,159,483
3.1.3 Net foreign investment hedges		-	-	-	-	-	-
3.2 Trading derivatives		304,443,828	758,656,819	1,063,100,647	336,336,967	674,771,093	1,011,108,060
3.2.1 Forward foreign currency purchases/sales		48,287,562	60,772,076	109,059,638	28,750,548	36,107,056	64,857,604
3.2.1.1 Forward foreign currency purchases		42,673,712	13,881,095	56,554,807	26,847,707	6,125,174	32,972,881
3.2.1.2 Forward foreign currency sales		5,613,850	46,890,981	52,504,831	1,902,841	29,981,882	31,884,723
3.2.2 Currency and interest rate swaps		236,449,675	544,175,785	780,625,460	242,486,045	484,949,862	727,435,907
3.2.2.1 Currency swaps-purchases		803,245	174,397,073	175,200,318	14,428,681	193,137,881	207,566,562
3.2.2.2 Currency swaps-sales		108,078,352	106,716,895	214,795,247	130,336,228	94,361,813	224,698,041
3.2.2.3 Interest rate swaps-purchases		63,784,039	131,530,908	195,314,947	48,860,568	98,725,084	147,585,652
3.2.2.4 Interest rate swaps-sales		63,784,039	131,530,909	195,314,948	48,860,568	98,725,084	147,585,652
3.2.3 Currency, interest rate and security options		12,887,986	21,967,964	34,855,950	61,410,164	66,783,796	128,193,960
3.2.3.1 Currency call options		7,982,592	5,257,871	13,240,463	56,297,080	5,668,401	61,965,481
3.2.3.2 Currency put options		4,586,332	10,187,078	14,773,410	4,988,213	55,625,430	60,613,643
3.2.3.3 Interest rate call options		-	4,191,947	4,191,947	-	3,423,170	3,423,170
3.2.3.4 Interest rate put options		-	2,331,068	2,331,068	-	2,066,795	2,066,795
3.2.3.5 Security call options		69,791	-	69,791	1,558	-	1,558
3.2.3.6 Security put options		249,271	-	249,271	123,313	-	123,313
3.2.4 Currency futures		2,015,741	1,938,294	3,954,035	1,095,258	966,375	2,061,633
3.2.4.1 Currency futures-purchases		1,646,641	344,002	1,990,643	1,014,417	79,016	1,093,433
3.2.4.2 Currency futures-sales		369,100	1,594,292	1,963,392	80,841	887,359	968,200
3.2.5 Interest rate futures		-	67,148	67,148	-	-	-
3.2.5.1 Interest rate futures-purchases		-	67,148	67,148	-	-	-
3.2.5.2 Interest rate futures-sales		-	-	-	-	-	-
3.2.6 Others		4,802,864	129,735,552	134,538,416	2,594,952	85,964,004	88,558,956
<b>B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)</b>		<b>2,645,033,991</b>	<b>4,401,117,628</b>	<b>7,046,151,619</b>	<b>1,763,916,306</b>	<b>2,929,814,698</b>	<b>4,693,731,004</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>332,683,292</b>	<b>289,298,399</b>	<b>621,981,691</b>	<b>223,862,156</b>	<b>175,855,978</b>	<b>399,718,134</b>
4.1 Customers' securities held		225,679,119	-	225,679,119	142,781,394	-	142,781,394
4.2 Investment securities held in custody		21,892,636	161,922,670	183,815,306	24,555,572	86,675,159	111,230,731
4.3 Checks received for collection		74,958,872	16,983,670	91,942,542	50,307,847	13,539,627	63,847,474
4.4 Commercial notes received for collection		8,162,641	2,865,168	11,027,809	5,291,418	2,181,164	7,472,582
4.5 Other assets received for collection		449,734	91,539,192	91,988,926	381,599	64,271,009	64,652,608
4.6 Assets received through public offering		-	652,715	652,715	-	452,123	452,123
4.7 Other items under custody		1,540,290	15,334,984	16,875,274	544,326	8,736,896	9,281,222
4.8 Custodians		-	-	-	-	-	-
<b>V. PLEDGED ITEMS</b>		<b>2,312,350,699</b>	<b>4,111,819,229</b>	<b>6,424,169,928</b>	<b>1,540,054,150</b>	<b>2,753,958,720</b>	<b>4,294,012,870</b>
5.1 Securities		22,195,686	19,053,359	41,249,045	16,399,213	11,846,706	28,245,919
5.2 Guarantee notes		22,684,849	76,110,595	98,795,444	22,882,786	52,708,119	75,590,905
5.3 Commodities		299,372	-	299,372	799,406	-	799,406
5.4 Warranties		-	3,377,015	3,377,015	-	1,663,667	1,663,667
5.5 Real estates		678,154,985	605,802,216	1,283,957,201	366,121,707	434,988,472	801,110,179
5.6 Other pledged items		1,589,015,807	3,407,476,044	4,996,491,851	1,133,851,038	2,252,751,756	3,386,602,794
5.7 Pledged items-depository		-	-	-	-	-	-
<b>VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL OFF-BALANCE SHEET ITEMS (A+B)</b>		<b>3,667,335,795</b>	<b>5,463,993,307</b>	<b>9,131,329,102</b>	<b>2,435,014,236</b>	<b>3,821,593,203</b>	<b>6,256,607,439</b>

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

(Convenience Translation of Financial Statements Originally Issued in Turkish)

**Türkiye Garanti Bankası Anonim Şirketi and Its Financial Subsidiaries**

**Consolidated Statement of Profit or Loss**

For the period ended at 30 September 2023

INCOME AND EXPENSE ITEMS		Footnotes	THOUSANDS OF TURKISH LIRA (TL)			
			CURRENT PERIOD	PRIOR PERIOD	CURRENT PERIOD	PRIOR PERIOD
			1 January 2023- 30 September 2023	1 January 2022- 30 September 2022	1 July 2023- 30 September 2023	1 July 2022- 30 September 2022
<b>I. INTEREST INCOME</b>		<b>5.4.1</b>	<b>144,976,380</b>	<b>87,761,397</b>	<b>62,452,877</b>	<b>39,342,718</b>
1.1 Interest income on loans			101,283,105	59,514,079	42,203,111	24,548,338
1.2 Interest income on reserve deposits			443,248	286,258	159,568	2,188
1.3 Interest income on banks			3,305,985	368,031	1,823,435	213,507
1.4 Interest income on money market transactions			2,767,775	2,224,208	1,165,111	527,095
1.5 Interest income on securities portfolio			32,901,379	23,839,961	15,198,845	13,450,283
1.5.1 Financial assets measured at FVTPL			330,058	164,225	177,710	55,764
1.5.2 Financial assets measured at FVOCI			13,148,700	11,592,898	5,693,406	6,070,173
1.5.3 Financial assets measured at amortised cost			19,422,621	12,082,838	9,327,729	7,324,346
1.6 Financial lease income			2,777,310	1,069,962	1,214,286	425,399
1.7 Other interest income			1,497,578	458,898	688,521	175,908
<b>II. INTEREST EXPENSE (-)</b>		<b>5.4.2</b>	<b>84,878,317</b>	<b>29,812,793</b>	<b>39,130,529</b>	<b>12,374,729</b>
2.1 Interest on deposits			75,114,122	23,024,877	35,819,545	9,306,385
2.2 Interest on funds borrowed			4,571,986	1,960,931	1,499,014	846,513
2.3 Interest on money market transactions			1,929,753	777,973	870,410	399,112
2.4 Interest on securities issued			2,111,918	2,382,269	792,442	881,844
2.5 Lease interest expense			204,571	124,380	78,599	43,646
2.6 Other interest expenses			945,967	1,542,363	70,519	897,229
<b>III. NET INTEREST INCOME (I - II)</b>			<b>60,098,063</b>	<b>57,948,604</b>	<b>23,322,348</b>	<b>26,967,989</b>
<b>IV. NET FEES AND COMMISSIONS INCOME/EXPENSES</b>		<b>5.4.12</b>	<b>26,594,646</b>	<b>12,008,205</b>	<b>12,320,062</b>	<b>4,920,324</b>
4.1 Fees and commissions received			36,569,326	17,036,636	17,344,904	7,074,016
4.1.1 Non-cash loans			2,379,013	1,327,975	931,916	502,889
4.1.2 Others			34,190,313	15,708,661	16,412,988	6,571,127
4.2 Fees and commissions paid (-)			9,974,680	5,028,431	5,024,842	2,153,692
4.2.1 Non-cash loans			51,028	55,280	18,704	19,966
4.2.2 Others			9,923,652	4,973,151	5,006,138	2,133,726
<b>V. DIVIDEND INCOME</b>		<b>5.4.3</b>	<b>72,693</b>	<b>67,505</b>	<b>28,315</b>	<b>4,820</b>
<b>VI. NET TRADING INCOME/LOSSES (Net)</b>		<b>5.4.4</b>	<b>26,223,237</b>	<b>8,268,702</b>	<b>7,413,369</b>	<b>2,332,954</b>
6.1 Trading account income/losses			2,774,043	4,152,037	(675,047)	(356,580)
6.2 Income/losses from derivative financial instruments			(14,255,499)	(21,567,381)	(8,522,231)	(2,443,451)
6.3 Foreign exchange gains/losses			37,704,693	25,684,046	16,610,647	5,132,985
<b>VII. OTHER OPERATING INCOME</b>		<b>5.4.5</b>	<b>27,557,050</b>	<b>12,823,780</b>	<b>10,562,134</b>	<b>3,450,719</b>
<b>VIII. TOTAL OPERATING PROFIT (III+IV+V+VI+VII)</b>			<b>140,545,689</b>	<b>91,116,796</b>	<b>53,646,228</b>	<b>37,676,806</b>
<b>IX. EXPECTED CREDIT LOSSES (-)</b>		<b>5.4.6</b>	<b>29,736,893</b>	<b>19,703,374</b>	<b>7,394,777</b>	<b>6,321,235</b>
<b>X. OTHER PROVISIONS (-)</b>		<b>5.4.6</b>	<b>245,430</b>	<b>2,923,057</b>	<b>193,616</b>	<b>733,201</b>
<b>XI. PERSONNEL EXPENSES (-)</b>			<b>14,543,687</b>	<b>7,270,082</b>	<b>5,620,413</b>	<b>2,957,646</b>
<b>XII. OTHER OPERATING EXPENSES (-)</b>		<b>5.4.7</b>	<b>24,246,627</b>	<b>11,173,605</b>	<b>8,656,024</b>	<b>4,427,905</b>
<b>XIII. NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)</b>			<b>71,773,052</b>	<b>50,046,678</b>	<b>31,781,398</b>	<b>23,236,819</b>
<b>XIV. INCOME RESULTED FROM MERGERS</b>			-	-	-	-
<b>XV. INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING</b>			<b>1,266,682</b>	<b>718,574</b>	<b>363,912</b>	<b>232,117</b>
<b>XVI. GAIN/LOSS ON NET MONETARY POSITION</b>			-	-	-	-
<b>XVII. PROFIT/LOSS BEFORE TAXES (XIII+...+XVI)</b>		<b>5.4.8</b>	<b>73,039,734</b>	<b>50,765,252</b>	<b>32,145,310</b>	<b>23,468,936</b>
<b>XVIII. PROVISION FOR TAXES (±)</b>		<b>5.4.9</b>	<b>15,455,740</b>	<b>12,039,190</b>	<b>8,371,056</b>	<b>5,923,897</b>
18.1 Current tax charge			18,269,828	13,442,219	7,273,930	5,848,983
18.2 Deferred tax charge (+)			5,754,478	4,816,001	3,276,690	678,906
18.3 Deferred tax credit (-)			(8,568,566)	(6,219,030)	(2,179,564)	(603,992)
<b>XIX. NET OPERATING PROFIT/LOSS AFTER TAXES (XVII±XVIII)</b>		<b>5.4.10</b>	<b>57,583,994</b>	<b>38,726,062</b>	<b>23,774,254</b>	<b>17,545,039</b>
<b>XX. INCOME FROM DISCONTINUED OPERATIONS</b>			-	-	-	-
20.1 Income from assets held for sale			-	-	-	-
20.2 Income from sale of associates, subsidiaries and joint-ventures			-	-	-	-
20.3 Others			-	-	-	-
<b>XXI. EXPENSES FROM DISCONTINUED OPERATIONS (-)</b>			-	-	-	-
21.1 Expenses on assets held for sale			-	-	-	-
21.2 Expenses on sale of associates, subsidiaries and joint-ventures			-	-	-	-
21.3 Others			-	-	-	-
<b>XXII. PROFIT/LOSS BEFORE TAXES ON DISCONTINUED OPERATIONS (XX-XXI)</b>		<b>5.4.8</b>	-	-	-	-
<b>XXIII. PROVISION FOR TAXES OF DISCONTINUED OPERATIONS (±)</b>		<b>5.4.9</b>	-	-	-	-
23.1 Current tax charge			-	-	-	-
23.2 Deferred tax charge (+)			-	-	-	-
23.3 Deferred tax credit (-)			-	-	-	-
<b>XXIV. NET PROFIT/LOSS AFTER TAXES ON DISCONTINUED OPERATIONS (XXII±XXIII)</b>		<b>5.4.10</b>	-	-	-	-
<b>XXV. NET PROFIT/LOSS (XIX+XXIV)</b>		<b>5.4.11</b>	<b>57,583,994</b>	<b>38,726,062</b>	<b>23,774,254</b>	<b>17,545,039</b>
25.1 Equity holders of the bank			57,217,490	38,569,816	23,633,366	17,484,915
25.2 Minority interest			366,504	156,246	140,888	60,124
<b>Earnings per Share</b>			<b>0.13623</b>	<b>0.09183</b>	<b>0.05627</b>	<b>0.04163</b>

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

(Convenience Translation of Financial Statements Originally Issued in Turkish)

**Türkiye Garanti Bankası Anonim Şirketi and Its Financial Subsidiaries**  
**Consolidated Statement of Profit or Loss and Other Comprehensive Income**  
**For the period ended at 30 September 2023**

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		THOUSANDS OF TURKISH LIRA (TL)	
		CURRENT PERIOD 1 January 2023 - 30 September 2023	PRIOR PERIOD 1 January 2022 - 30 September 2022
<b>I.</b>	<b>CURRENT PERIOD PROFIT/LOSS</b>	<b>57,583,994</b>	<b>38,726,062</b>
<b>II.</b>	<b>OTHER COMPREHENSIVE INCOME</b>	<b>13,384,885</b>	<b>13,914,663</b>
<b>2.1</b>	<b>Other Income/Expense Items not to be Recycled to Profit or Loss</b>	<b>7,926,429</b>	<b>1,239,042</b>
2.1.1	Revaluation Surplus on Tangible Assets	4,045,105	1,421,233
2.1.2	Revaluation Surplus on Intangible Assets	-	-
2.1.3	Defined Benefit Plans' Actuarial Gains/Losses	(48,598)	195
2.1.4	Other Income/Expense Items not to be Recycled to Profit or Loss	624,647	54,291
2.1.5	Deferred Taxes on Other Comprehensive Income not to be Recycled to Profit or Loss	3,305,275	(236,677)
<b>2.2</b>	<b>Other Income/Expense Items to be Recycled to Profit or Loss</b>	<b>5,458,456</b>	<b>12,675,621</b>
2.2.1	Translation Differences	8,843,027	3,270,116
2.2.2	Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at FVOCI	(2,629,570)	12,617,267
2.2.3	Gains/losses from Cash Flow Hedges	1,545,916	1,379,755
2.2.4	Gains/Losses on Hedges of Net Investments in Foreign Operations	(4,497,217)	(1,563,029)
2.2.5	Other Income/Expense Items to be Recycled to Profit or Loss	225,442	-
2.2.6	Deferred Taxes on Other Comprehensive Income to be Recycled to Profit or Loss	1,970,858	(3,028,488)
<b>III.</b>	<b>TOTAL COMPREHENSIVE INCOME (I+II)</b>	<b>70,968,879</b>	<b>52,640,725</b>

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

(Convenience Translation of Financial Statements Originally Issued in Turkish)

**Türkiye Garanti Bankası Anonim Şirketi and Its Financial Subsidiaries**  
**Consolidated Statement of Changes in Shareholders' Equity**  
**For the period ended at 30 September 2023**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY		Footnotes	THOUSANDS OF TURKISH LIRA (TL)																
			Paid-in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves	Other Comprehensive Income/Expense Items not to be Recycled to Profit or Loss			Other Comprehensive Income/Expense Items to be Recycled to Profit or Loss			Profit Reserves	Prior Periods' Profit/Loss	Current Period's Net Profit/Loss	Shareholders' Equity Before Minority Interest	Minority Interest	Total Shareholders' Equity	
							Revaluation surplus on tangible and intangible assets	Defined Benefit Plans' Actuarial Gains/Losses	Others	Foreign Currency Translation Differences	Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at FVOCI	Others							
PRIOR PERIOD (01/01/2022-30/09/2022)																			
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	
CURRENT PERIOD (01/01/2023-30/09/2023)																			
I.	Balances at Beginning of Period		4,200,000	11,880	-	772,554	5,405,144	(1,315,532)	471,809	15,758,923	8,711,262	(4,556,136)	63,782,784	59,396,697	-	152,639,385	484,735	153,124,120	
II.	Correction made as per TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2.1.	Effect of Corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2.2.	Effect of Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
III.	Adjusted Balances at Beginning of Period (I+II)	5.5	4,200,000	11,880	-	772,554	5,405,144	(1,315,532)	471,809	15,758,923	8,711,262	(4,556,136)	63,782,784	59,396,697	-	152,639,385	484,735	153,124,120	
IV.	Total Comprehensive Income		-	-	-	-	7,438,904	(116,722)	604,236	8,843,027	(1,865,561)	(1,518,697)	-	-	57,217,490	70,602,677	366,202	70,968,879	
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		-	-	-	-	-	-	-	-	-	-	177,017	-	-	177,017	-	177,017	
XI.	Profit Distribution		-	-	-	-	-	-	-	-	-	-	50,620,323	(59,396,697)	-	(8,776,374)	(98,064)	(8,874,438)	
11.1	Dividends		-	-	-	-	-	-	-	-	-	-	-	(8,776,374)	-	(8,776,374)	(98,064)	(8,874,438)	
11.2	Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	50,469,944	(50,469,944)	-	-	-	-	
11.3	Others		-	-	-	-	-	-	-	-	-	-	150,379	(150,379)	-	-	-	-	
	Balances at end of the period (III+IV+...+X+XI)		4,200,000	11,880	-	772,554	12,844,048	(1,432,254)	1,076,045	24,601,950	6,845,701	(6,074,833)	114,580,124	-	57,217,490	214,642,705	752,873	215,395,578	



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

**Türkiye Garanti Bankası Anonim Şirketi and Its Financial Subsidiaries**  
**Consolidated Statement of Cash Flows**  
**For the period ended at 30 September 2023**

STATEMENT OF CASH FLOWS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)	
		CURRENT PERIOD	PRIOR PERIOD
		1 January 2023- 30 September 2023	1 January 2022 - 30 September 2022
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
<b>1.1 Operating profit before changes in operating assets and liabilities</b>	<b>5.6</b>	<b>54,115,014</b>	<b>36,746,693</b>
1.1.1 Interests received		144,229,873	67,947,498
1.1.2 Interests paid		(68,206,647)	(22,553,277)
1.1.3 Dividend received		72,693	67,505
1.1.4 Fees and commissions received		36,569,326	17,036,636
1.1.5 Other income		27,031,092	12,823,780
1.1.6 Collections from previously written-off receivables		942,215	770,192
1.1.7 Cash payments to personnel and service suppliers		(34,186,176)	(15,901,977)
1.1.8 Taxes paid		(15,326,373)	(12,825,433)
1.1.9 Others		(37,010,989)	(10,618,231)
<b>1.2 Changes in operating assets and liabilities</b>	<b>5.6</b>	<b>124,556,187</b>	<b>14,941,058</b>
1.2.1 Net (increase) decrease in financial assets measured at FVTPL		(6,837,754)	1,662,972
1.2.2 Net (increase) decrease in due from banks		(68,582,152)	(55,204,610)
1.2.3 Net (increase) decrease in loans		(350,000,205)	(206,616,345)
1.2.4 Net (increase) decrease in other assets		(5,410,066)	(18,427,540)
1.2.5 Net increase (decrease) in bank deposits		217,285	3,139,411
1.2.6 Net increase (decrease) in other deposits		493,062,113	265,806,598
1.2.7 Net increase (decrease) in financial liabilities measured at FVTPL		-	-
1.2.8 Net increase (decrease) in funds borrowed		39,040,358	(2,502,033)
1.2.9 Net increase (decrease) in matured payables		-	-
1.2.10 Net increase (decrease) in other liabilities		23,066,608	27,082,605
<b>I. Net cash flow from banking operations</b>	<b>5.6</b>	<b>178,671,201</b>	<b>51,687,751</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>II. Net cash flow from investing activities</b>	<b>5.6</b>	<b>(62,872,253)</b>	<b>(47,431,000)</b>
2.1 Cash paid for purchase of associates, subsidiaries and joint-ventures		(6,253)	(190,817)
2.2 Cash obtained from sale of associates, subsidiaries and joint-ventures		-	-
2.3 Purchases of tangible assets		(3,630,165)	(1,556,277)
2.4 Sales of tangible assets		2,415	655,282
2.5 Cash paid for purchase of financial assets measured at FVOCI		(41,769,948)	(30,963,348)
2.6 Cash obtained from sale of financial assets measured at FVOCI		34,922,444	22,839,602
2.7 Cash paid for purchase of financial assets measured at amortised cost		(67,170,585)	(40,861,148)
2.8 Cash obtained from sale of financial assets measured at amortised cost		14,779,839	2,645,706
2.9 Others		-	-
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III. Net cash flow from financing activities</b>		<b>(5,213,168)</b>	<b>4,983,088</b>
3.1 Cash obtained from funds borrowed and securities issued		37,341,622	25,979,837
3.2 Cash used for repayment of funds borrowed and securities issued		(33,128,332)	(19,303,772)
3.3 Equity instruments issued		-	-
3.4 Dividends paid		(8,776,374)	(1,307,331)
3.5 Payments for leases		(650,084)	(385,646)
3.6 Others		-	-
<b>IV. Effect of translation differences on cash and cash equivalents</b>	<b>5.6</b>	<b>21,125,848</b>	<b>11,904,372</b>
<b>V. Net increase/(decrease) in cash and cash equivalents (I+II+III+IV)</b>	<b>5.6</b>	<b>131,711,628</b>	<b>21,144,211</b>
<b>VI. Cash and cash equivalents at beginning of period</b>	<b>5.6</b>	<b>149,464,537</b>	<b>122,462,323</b>
<b>VII. Cash and cash equivalents at end of period (V+VI)</b>	<b>5.6</b>	<b>281,176,165</b>	<b>143,606,534</b>

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

### **3 Accounting Policies**

#### **3.1 Basis of presentation**

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

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

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

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

##### **3.1.1 Changes in Accounting policies and disclosures**

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

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 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 the Bank’s studies continue within the scope of compliance with the changes.

##### **3.1.2 Other**

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

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

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

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

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

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

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

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

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

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

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

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

### **3.2.2 Foreign currency transactions**

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

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

In the current period, net investment hedge amounting to EUR 530,583,575 (31 December 2022: EUR 501,598,663) is applied in total among investments in Garanti Bank International NV and Garanti Holding BV having capitals denominated in foreign currencies and long-term foreign currency borrowings. Foreign exchange losses amounting to TL 12,297,409 (31 December 2022: TL 7,771,551), arising from conversion of both foreign currency investments and long-term foreign currency borrowings are accounted under capital reserves and other comprehensive income/expense items to be recycled to profit/loss, respectively under equity as of 30 September 2023. There is no ineffective portion arising from net investment hedge accounting.

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

As of 30 September 2023, Türkiye Garanti Bankası Anonim Şirketi and the following financial subsidiaries are consolidated in the accompanying consolidated financial statements; Garanti Bank International (GBI), Garanti Finansal Kiralama AŞ (Garanti Finansal Kiralama), Garanti Yatırım Menkul Kıymetler AŞ (Garanti Yatırım), Garanti Portföy Yönetimi AŞ (Garanti Portföy), Garanti Emeklilik ve Hayat AŞ (Garanti Emeklilik), Garanti Faktoring AŞ (Garanti Faktoring), Garanti Ödeme Sistemleri AŞ (GÖSAŞ) and Garanti Holding BV (Garanti Holding).

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

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

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

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

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

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

Garanti Ödeme Sistemleri was incorporated in 1999. It offers the infrastructure required clearing and reconciliation transactions among participants. It constitutes, operates and develops the system, platform and infrastructures ensuring or supporting any and all types of payments or money transfers without having to use cash.

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

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

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

### **3.4 Forwards, options and other derivative transactions**

#### **3.4.1 Derivative financial assets**

##### ***Derivative financial assets measured at fair value through profit or loss***

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

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

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

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

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

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

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

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

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

### **3.4.2 Derivative financial instruments held for hedging purpose**

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

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

#### ***Derivative financial assets measured at fair value through other comprehensive income***

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

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

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

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

### **3.5 Interest income and expenses**

#### **General**

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

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

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

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

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

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

#### **Financial lease activities**

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

### **3.6 Fees and commissions**

Fees and commissions except for which are integral part of the effective interest rates of financial instruments measured at amortized costs, are accounted for in accordance with TFRS 15 “Revenue from Contracts with Customers”. Except for certain fees related with certain banking transactions and recognized when the related service is given, fees and commissions received or paid, and other fees and commissions paid to financial institutions are accounted under accrual basis of accounting throughout the service period. The income derived from agreements or asset purchases from real-person or corporate third parties are recognized as income when realized.

### **3.7 Financial instruments**

#### **3.7.1 Initial recognition of financial instruments**

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

#### **3.7.2 Initial measurement of financial instruments**

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

#### **3.7.3 Classification of financial instruments**

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

##### **3.7.3.1 Assessment of the business model**

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

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

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

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



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

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

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

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

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

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

#### **3.7.4 Measurement categories of financial assets and liabilities**

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

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

***Financial investments and loans measured at amortised cost***

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

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

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

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

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

***Financial assets measured at fair value through other comprehensive income***

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

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

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

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

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

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

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

***Equity instruments measured at fair value through other comprehensive income***

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

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

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

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

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

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

**3.8 Disclosures on impairment of financial instruments**

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

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

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

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

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

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

### **3.8.1 Calculation of expected credit losses**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

#### **3.8.1.2 *Debt instruments measured at fair value through other comprehensive income***

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

#### **3.8.1.3 *Credit cards and other revolving loans***

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

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

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

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

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



### **3.8.2 Forward-looking macroeconomic information**

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

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

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

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

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

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

<b>Date</b>	<b>GDP</b>
31.12.2023	4.5%
31.12.2024	3.5%
31.12.2025	3.5%
31.12.2026	3.8%
31.12.2027	3.5%
31.12.2028	3.5%

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

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

#### *Qualitative assessment:*

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

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

#### *Quantitative assessment:*

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

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

It is classified the related financial asset as stage 2 (Significant Increase in Credit Risk) where both of the following criteria are satisfied as a result of quantitative assessment.

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

#### **3.8.4 Low credit risk**

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

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

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

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

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

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

#### **3.8.5 Disclosures on write down policy**

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

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



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

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

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

### **3.9 Disclosures about netting and derecognition of financial instruments**

#### **3.9.1 Netting of financial instruments**

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

#### **3.9.2 Derecognition of financial instruments**

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

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

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

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

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

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

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

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

##### **3.9.2.3 *Derecognition of financial liabilities***

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

### **3.9.3 Reclassification of financial instruments**

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

### **3.9.4 Restructuring and refinancing of financial instruments**

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

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

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

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

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

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

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

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

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

### **3.10 Repurchase and resale agreements and securities lending**

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

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

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

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

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

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

### **3.12 Goodwill and other intangible assets**

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

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

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

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

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

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

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

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

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

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

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

### **3.13 Tangible assets**

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

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

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

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

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

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

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

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

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

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

### *Investment properties*

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

Investment properties accounted at fair value are not depreciated.

### *Right-of-use assets*

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

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

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

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

## **3.14 Leasing activities**

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

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

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

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

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

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

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

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

### **3.15 Provisions and contingent liabilities**

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

### **3.16 Contingent assets**

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

### **3.17 Liabilities for employee benefits**

#### *Severance indemnities and short-term employee benefits*

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

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

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

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

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

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

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

#### *Retirement benefit obligations*

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

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

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

	<i>Current Period</i>		<i>Prior Period</i>	
	<b>Employer</b>	<b>Employee</b>	<b>Employer</b>	<b>Employee</b>
Pension contributions	15.5%	10.0%	15.5%	10.0%
Medical benefit contributions	6.0%	5.0%	6.0%	5.0%

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

**a) Benefits transferable to SSF**

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

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

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

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

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

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

b) Other benefits not transferable to SSF

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

The actuarial gains/losses are recognised under shareholders' equity as per the revised TAS19. On 3 March 2023, the Group has recognised the necessary changes in the retirement pay liability and pension plans in the consolidated financial statements in accordance with the Law No. 5510 on the Amendment of the Social Security and General Health Insurance Law No. 5510 and the Decree Law No. 375 (known as the "Early Retirement Law") published in the Official Gazette.

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

### **3.18 Insurance technical reserves and technical income and expense**

#### **3.18.1 Insurance technical reserves**

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

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

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

#### **3.18.2 Insurance technical income and expense**

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

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

### **3.19 Taxation**

#### **3.19.1 Corporate tax**

While corporate tax which is applied to corporate earnings at the rate of 20% in Turkey, in accordance with the regulation introduced by the Law No.7456 "On the Formation of Additional Motor Vehicle Tax to Compensate the Economic Losses Caused by the Earthquakes That Occurred on 6/2/2023, Amending Certain Laws and the Decree Law No. 375, the corporate earnings of 2023 and later taxation periods this rate has been determined to be applied as 25% and 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 has been determined to be applied as 30%.



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

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

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

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

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

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

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

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

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

The tax applications for foreign branches;

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

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

#### ***MALTA***

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

*Tax applications for foreign financial subsidiaries*

#### ***THE NETHERLANDS***

In the Netherlands, corporate income tax is levied at the rate of 19% for tax profits up to EUR 200,000 and 25.80% for the excess part over this amount on the worldwide income of resident companies, which is determined by modifying accounting income for certain exclusions and allowances for tax purposes for the related year. Based on the unilateral decree for the avoidance of double taxation between Turkey and The Netherlands, the dividend taxation is 0% percent under certain conditions. Under the Dutch taxation system up to 2022, tax losses incurred in fiscal years 2019 up to and including 2021 can be carried forward six fiscal years after the year in which they occur.

Tax losses relating to fiscal years 2018 and earlier can be carried forward nine fiscal years. As of 2022, losses of previous years no longer vaporize but can be carried forward indefinitely. However the losses can only be used up to an amount of EUR 1 mln, or if the profit exceeds EUR 1 mln, the amount of losses that can be offset is EUR 1 mln plus 50% of the excess of the profit over EUR 1 mln. Companies must file their tax returns within five months following the end of the tax year to which they relate, unless the company applies for an extension (normally an additional eleven months).

Tax returns are open for five years from the date of the filing deadline the tax return during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings. The corporate income tax for the Germany branch is 30%.

#### **ROMANIA**

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

### **3.19.2 Deferred taxes**

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

As stated in Note 3.19.1, corporate income tax has been determined to be applied as 30% in accordance with the regulation introduced by the Law No. 7394 on the “Law on Evaluation of Immovable Property Owned by the Treasury and Amendment to the Value Added Tax Law” for the corporate earnings for the taxation period of 2022 for the banks, companies within the scope of Law No. 6361, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies. Therefore, as of 30 September 2023, the Bank has calculated deferred tax at the rate of 30% for assets and liabilities.

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

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

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

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

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

### **3.19.3 Transfer pricing**

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

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

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

### **3.20 Funds borrowed**

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

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

### **3.21 Share and share issuances**

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

### **3.22 Confirmed bills of exchange and acceptances**

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

### **3.23 Government incentives**

As of 30 September 2023, the Bank or its financial subsidiaries do not have any government incentives or grants (31 December 2022: None).

### **3.24 Segment reporting**

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

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

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

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

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

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

<b><i>Current Period</i></b>	<b>Retail Banking</b>	<b>Corporate Banking</b>	<b>Investment Banking</b>	<b>Other</b>	<b>Total Operations</b>
Net Interest Income	21,173,703	37,484,753	(10,106,616)	11,546,223	60,098,063
Net Fees And Commissions Income	18,283,495	7,193,948	(135,582)	1,252,785	26,594,646
Dividend Income	-	-	-	72,693	72,693
Net Trading Income/Losses (Net)	1,818,694	9,206,527	10,729,079	4,468,937	26,223,237
Other Operating Income (*)	(294,133)	1,140,018	(399,367)	11,075,269	11,521,787
Expected Credit Losses (*)	(6,155,206)	(7,917,563)	195,560	175,579	(13,701,630)
Other Provisions	1,501	-	-	(246,931)	(245,430)
Personnel and Other Operating Expenses	(19,518,802)	(6,571,369)	(775,380)	(11,924,763)	(38,790,314)
Income/Loss From Investments Under Equity Accounting	-	-	-	1,266,682	1,266,682
<b>Net Operating Profit</b>	<b>15,309,252</b>	<b>40,536,314</b>	<b>(492,306)</b>	<b>17,686,474</b>	<b>73,039,734</b>
Provision for Taxes	-	-	-	(15,455,740)	(15,455,740)
<b>Net Profit</b>	<b>15,309,252</b>	<b>40,536,314</b>	<b>(492,306)</b>	<b>2,230,734</b>	<b>57,583,994</b>
Segment Assets	361,544,733	674,988,734	634,998,064	300,439,641	1,971,971,172
Investments in Associates and Subsidiaries	-	-	-	4,355,821	4,355,821
<b>Total Assets</b>	<b>361,544,733</b>	<b>674,988,734</b>	<b>634,998,064</b>	<b>304,795,462</b>	<b>1,976,326,993</b>
Segment Liabilities	978,997,909	493,322,475	171,493,995	117,117,036	1,760,931,415
Shareholders' Equity	-	-	-	215,395,578	215,395,578
<b>Total Liabilities and Shareholders' Equity</b>	<b>978,997,909</b>	<b>493,322,475</b>	<b>171,493,995</b>	<b>332,512,614</b>	<b>1,976,326,993</b>

<i>Prior Period</i>	<b>Retail Banking</b>	<b>Corporate Banking</b>	<b>Investment Banking</b>	<b>Other</b>	<b>Total Operations</b>
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
<b>Net Operating Profit</b>	<b>9,822,322</b>	<b>15,513,185</b>	<b>19,815,787</b>	<b>5,613,958</b>	<b>50,765,252</b>
Provision for Taxes	-	-	-	(12,039,190)	(12,039,190)
<b>Net Profit</b>	<b>9,822,322</b>	<b>15,513,185</b>	<b>19,815,787</b>	<b>(6,425,232)</b>	<b>38,726,062</b>
Segment Assets	217,813,066	503,893,520	401,778,779	177,812,156	1,301,297,521
Investments in Associates and Subsidiaries	-	-	-	2,280,962	2,280,962
<b>Total Assets</b>	<b>217,813,066</b>	<b>503,893,520</b>	<b>401,778,779</b>	<b>180,093,118</b>	<b>1,303,578,483</b>
Segment Liabilities	599,719,386	338,737,003	125,156,216	86,841,758	1,150,454,363
Shareholders' Equity	-	-	-	153,124,120	153,124,120
<b>Total Liabilities and Shareholders' Equity</b>	<b>599,719,386</b>	<b>338,737,003</b>	<b>125,156,216</b>	<b>239,965,878</b>	<b>1,303,578,483</b>

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

### 3.25 Profit reserves and profit appropriation

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

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

In the ordinary General Assembly Meeting dated 13 April 2023, a decision has been made regarding appropriation of the unconsolidated net profit of the Bank deriving from operations in 2022 amounting to TL 58,509,158 and aforementioned distribution has been disclosed in Note 5.9.

### 3.26 Earnings per share

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

	<i>Current Period</i>	<i>Prior Period</i>
Distributable net profit	57,217,490	38,569,816
Average number of issued common shares (thousand)	420,000,000	420,000,000
Earnings per share (amounts presented full TL)	0.13623	0.09183

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

As of 30 September 2023, there are no bonus shares issued (31 December 2022: None).

**3.27 Related parties**

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

**3.28 Cash and cash equivalents**

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

**3.29 Other disclosures**

None.

## 4 Consolidated Financial Position and Results of Operations and Risk Management

### 4.1 Consolidated total capital

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

#### 4.1.1 Components of consolidated total capital <sup>(\*)</sup>

	Current Period	Prior Period
<b>COMMON EQUITY TIER I CAPITAL</b>		
Paid-in Capital to be Entitled for Compensation after All Creditors	4,972,554	4,972,554
Share Premium	11,880	11,880
Reserves	114,580,124	63,782,784
Other Comprehensive Income according to TAS	49,023,222	33,927,212
Profit	57,217,490	59,396,697
Current Period's Profit	57,217,490	58,285,378
Prior Periods' Profit	-	1,111,319
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	9,790	9,069
Minority Interest	377,461	211,148
<b>Common Equity Tier I Capital Before Deductions</b>	<b>226,192,521</b>	<b>162,311,344</b>
<b>Deductions From Common Equity Tier I Capital</b>		
Valuation adjustments calculated as per the Article 9. (i) of the Regulation on Bank Capital	-	-
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	12,035,781	8,959,825
Leasehold Improvements on Operational Leases (-)	168,808	111,522
Goodwill Netted with Deferred Tax Liabilities	-	-
Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights	1,268,073	1,214,857
Net Deferred Tax Asset/Liability (-)	-	-
Differences arise when assets and liabilities not held at fair value, are subjected to cash flow hedge accounting	-	-
Total credit losses that exceed total expected loss calculated according to the Regulation on Calculation of Credit Risk by Internal Ratings Based Approach	-	-
Securitization gains	-	-
Unrealized gains and losses from changes in bank's liabilities' fair values due to changes in creditworthiness	-	-
Net amount of defined benefit plans	-	-
Direct and Indirect Investments of the Bank on its own Tier I Capital (-)	-	-
Shares Obtained against Article 56, Paragraph 4 of the Banking Law (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Mortgage Servicing Rights Exceeding the 10% Threshold of Tier I Capital (-)	-	-
Net Deferred Tax Assets arising from Temporary Differences Exceeding the 10% Threshold of Tier I Capital (-)	-	-
Amount Exceeding the 15% Threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-



	<i>Current Period</i>	<i>Prior Period</i>
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital not deducted from Tier I Capital (-)	-	-
Excess Amount arising from Mortgage Servicing Rights (-)	-	-
Excess Amount arising from Deferred Tax Assets from Temporary Differences (-)	-	-
Other items to be Defined by the BRSA (-)	-	-
Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals (-)	-	-
<b>Total Deductions from Common Equity Tier I Capital</b>	<b>13,472,662</b>	<b>10,286,204</b>
<b>Total Common Equity Tier I Capital</b>	<b>212,719,859</b>	<b>152,025,140</b>
<b>ADDITIONAL TIER I CAPITAL</b>		
Preferred Stock not Included in Common Equity Tier I Capital and the Related Share Premiums	-	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	-	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-	-
Shares of Third Parties in Additional Tier I Capital	-	-
Shares of Third Parties in Additional Tier I Capital (Covered by Temporary Article 3)	-	-
<b>Additional Tier I Capital before Deductions</b>	<b>-</b>	<b>-</b>
<b>Deductions from Additional Tier I Capital</b>	<b>-</b>	<b>-</b>
Direct and Indirect Investments of the Bank on its own Additional Tier I Capital (-)	-	-
Investments in Equity Instruments Issued by Banks or Financial Institutions Invested in Bank's Additional Tier I Capital and Having Conditions Stated in the Article 7 of the Regulation	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital (-)	-	-
Other items to be defined by the BRSA (-)	-	-
<b>Items to be Deducted from Tier I Capital During the Transition Period</b>	<b>-</b>	<b>-</b>
Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
Net Deferred Tax Asset/Liability not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
Deduction from Additional Tier I Capital when there is not enough Tier II Capital (-)	-	-
<b>Total Deductions from Additional Tier I Capital</b>	<b>-</b>	<b>-</b>
<b>Total Additional Tier I Capital</b>	<b>-</b>	<b>-</b>
<b>Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)</b>	<b>212,719,859</b>	<b>152,025,140</b>
<b>TIER II CAPITAL</b>		
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	13,467,790	12,158,080
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-	-
Provisions (Amounts explained in the first paragraph of the Article 8 of the Regulation on Bank Capital)	14,160,156	10,212,658
<b>Total Deductions from Tier II Capital</b>	<b>27,627,946</b>	<b>22,370,738</b>
<b>Deductions from Tier II Capital</b>		
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-	-
Investments in equity instruments issued by Banks and Financial Institutions Invested in Bank's Tier II Capital and having conditions stated in the Article 8 of the Regulation	-	-

	<i>Current Period</i>	<i>Prior Period</i>
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Other items to be defined by the BRSA (-)	-	-
<b>Total Deductions from Tier II Capital</b>	-	-
<b>Total Tier II Capital</b>	<b>27,627,946</b>	<b>22,370,738</b>
<b>Total Equity (Total Tier I and Tier II Capital)</b>	<b>240,347,805</b>	<b>174,395,878</b>
<b>Total Tier I Capital and Tier II Capital (Total Equity)</b>		
Loans Granted against the Articles 50 and 51 of the Banking Law (-)	473	53
Other items to be Defined by the BRSA (-)	975	29
<b>Items to be Deducted from the Sum of Tier I and Tier II Capital (Capital) during the Transition Period</b>		
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-	-
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital, of the Net Deferred Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation (-)	-	-
<b>CAPITAL</b>		
<b>Total Capital (Total of Tier I Capital and Tier II Capital)</b>	<b>240,346,357</b>	<b>174,395,796</b>
<b>Total Risk Weighted Assets</b>	<b>1,295,401,525</b>	<b>937,541,310</b>
<b>CAPITAL ADEQUACY RATIOS</b>		
<b>Consolidated CET1 Capital Ratio (%)</b>	<b>16.42</b>	<b>16.22</b>
<b>Consolidated Tier I Capital Ratio (%)</b>	<b>16.42</b>	<b>16.22</b>
<b>Consolidated Capital Adequacy Ratio (%)</b>	<b>18.55</b>	<b>18.60</b>
<b>BUFFERS</b>		
Total Additional CET1 Capital Requirement Ratio (a+b+c)	4.12	4.12
a) Capital Conservation Buffer Ratio (%)	2.50	2.50
b) Bank-specific Counter-Cyclical Capital Buffer Ratio (%)	0.12	0.12
c) Systemically Important Banks Buffer Ratio (%)	1.50	1.50
Additional CET1 Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation (%)	10.42	10.22
<b>Amounts Lower Than Excesses as per Deduction Rules</b>		
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	-	-
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital	-	-
Remaining Mortgage Servicing Rights	-	-
Net Deferred Tax Assets arising from Temporary Differences	14,902,684	7,059,239

	<i>Current Period</i>	<i>Prior Period</i>
<b>Limits for Provisions Used in Tier II Capital Calculation</b>		
General Loan Provisions for Exposures in Standard Approach (before limit of one hundred and twenty five per ten thousand)	42,621,731	31,048,395
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	14,160,156	10,212,658
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach	-	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0.6% Risk Weighted Assets	-	-
<b>Debt Instruments Covered by Temporary Article 4 (effective between 1.1.2018-1.1.2022)</b>	-	-
Upper Limit for Additional Tier I Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-
Upper Limit for Additional Tier II Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-

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

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

As of 30 September 2023, the amount subject to credit risk in calculating the regulatory capital adequacy ratio was calculated by taking into account the regulation changes. If the regulation changes is not taken into account, the capital adequacy ratio decreases to 16.46% as of 30 September 2023.

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

#### 4.1.2 Items included in capital calculation

<i>Current Period</i>	<i>Information about instruments included in total capital calculation</i>		
Issuer	T. Garanti Bankası A.Ş.	T. Garanti Bankası A.Ş.	T. Garanti Bankası A.Ş.
Identifier (CUSIP, ISIN vb.)	Reg S: ISIN: XS1617531063 Common Code: 161753106 144A: CUSIP: 900148 AE7 ISIN: US900148AE73 Common Code: 161752479	ISIN: TRSGRANE2915	ISIN: TRSGRAN23013
Governing law (s) of the instrument	Subject to English Law and in terms of certain articles to Turkish Regulations. It is issued within the scope of the Communiqué VII-128.8 on Debt Instruments of the Capital Markets Board and the Regulation on Bank Capital of the BRSA.	It is subject to English Law and in terms of certain articles to Turkish Regulations. It is also issued within the scope of the “Regulation on Equities of Banks” and “the Communiqué Regarding the Capital Instruments that will be included in own funds of banks” within the legislation of Capital Markets Board of Turkey.	It is subject to English Law and in terms of certain articles to Turkish Regulations. It is also issued within the scope of the “Regulation on Equities of Banks” and “the Communiqué Regarding the Capital Instruments that will be included in own funds of banks” within the legislation of Capital Markets Board of Turkey.
<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)	12,087 (31 December 2022: 11,155)	253 (31 December 2022: 253)	750 (31 December 2022: 750)
Nominal value of instrument (TL million)	20,144 (31 December 2022: 13,944)	253 (31 December 2022: 253)	750 (31 December 2022: 750)
Accounting classification of the instrument	34701 – Secondary Subordinated Loans	34601– Secondary Subordinated Loans	34601– Secondary Subordinated Loans
Issuance date of instrument	23.05.2017	09.10.2019	14.02.2020
Maturity structure of the instrument (demand/time)	Time	Time	Time
Original maturity of the instrument	24.05.2027	07.10.2029	14.02.2030
Issuer call subject to prior supervisory (BRSA) approval	No	Yes	Yes
Optional call date, contingent call dates and redemption amount	-	07.10.2024 – TL 252,880,000	14.02.2025 – TL 750,000,000
Subsequent call dates, if applicable	-	-	-
<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 incompliances with article number 7 and 8 of Regulation on Bank Capital	Instrument is not in compliant with Article 7 of the Regulation on Bank Capital.	Instrument is not in compliant with Article 7 of the Regulation on Bank Capital.	Instrument is not in compliant with Article 7 of the Regulation on Bank Capital.

<i>Current Period</i>	<i>Information about instruments included in total capital calculation</i>			
Issuer	responsAbility SICAV (Lux) acting for its sub-funds responsAbility SICAV (Lux) Micro and SME Finance Leaders responsAbility SICAV (Lux) Financial Inclusion Fund	MultiConcept Fund Management S.A. acting in its own name for responsAbility Global Micro and SME Finance Fund	responsAbility SICAV (Lux) acting for its sub-funds responsAbility SICAV (Lux) Micro and SME Finance Leaders responsAbility SICAV (Lux) Financial Inclusion Fund responsAbility SICAV (Lux) Micro and SME Finance Debt Fund	MultiConcept Fund Management S.A. acting in its own name for responsAbility Global Micro and SME Finance Fund
Identifier (CUSIP, ISIN vb.)	LEI:529900S7V25UG37A2Q19 LEI:5299008N49S2T1SWIP98	LEI:529900J0CQ7V9271DC81	LEI: 5299008N49S2T1SWIP98 LEI: 529900S7V25UG37A2Q19 LEI: 529900IHHF9LIQY6AH65	LEI: 529900J0CQ7V9271DC81
Governing law (s) of the instrument	The provisions of the Loan Agreement shall be governed by and construed in accordance with the laws of the Grand Duchy of Luxembourg, without giving effect to any conflicts of law provisions.	The provisions of the Loan Agreement shall be governed by and construed in accordance with the laws of the Grand Duchy of Luxembourg, without giving effect to any conflicts of law provisions.	The provisions of the Loan Agreement shall be governed by and construed in accordance with the laws of the Grand Duchy of Luxembourg, without giving effect to any conflicts of law provisions.	The provisions of the Loan Agreement shall be governed by and construed in accordance with the laws of the Grand Duchy of Luxembourg, without giving effect to any conflicts of law provisions.
<i>Regulatory treatment</i>				
Subject to 10% deduction as of 1/1/2015	No	No	No	No
Eligible on unconsolidated and /or consolidated basis	Eligible on consolidated basis	Eligible on consolidated basis	Eligible on consolidated basis	Eligible on consolidated basis
Instrument type	Subordinated debt instruments (Loan Agreement)	Subordinated debt instruments (Loan Agreement)	Subordinated debt instruments (Loan Agreement)	Subordinated debt instruments (Loan Agreement)
Amount recognized in regulatory capital (Currency in TL million, as of most recent reporting date)	94	76	76	132
Nominal value of instrument (TL million)	142 (31 December 2022: 99)	114 (31 December 2022: 79)	114	199
Accounting classification of the instrument	-	-	-	-
Issuance date of instrument	28.12.2022	28.12.2022	23.02.2023	23.02.2023
Maturity structure of the instrument (demand/time)	Time	Time	Time	Time
Original maturity of the instrument	03.01.2029	03.01.2029	28.02.2029	28.02.2029
Issuer call subject to prior supervisory (BRSA) approval	None	None	None	None
Optional call date, contingent call dates and redemption amount	-	-	-	-
Subsequent call dates, if applicable	-	-	-	-
<i>Interest/dividend payment</i>				
Fixed or floating coupon/dividend payments	Floating	Floating	Floating	Floating

Coupon rate and any related index	EURIBOR 6M + 5%	EURIBOR 6M + 5%	EURIBOR 6M + 5%	EURIBOR 6M + 5%
Existence of any dividend payment restriction	None	None	None	None
Fully discretionary, partially discretionary or mandatory	-	-	-	-
Existence of step up or other incentive to redeem	None	None	None	None
Noncumulative or cumulative	None	None	None	None
Convertible into equity shares	None	None	None	None
If convertible, conversion trigger (s)	-	-	-	-
If convertible, fully or partially	-	-	-	-
If convertible, conversion rate	-	-	-	-
If convertible, mandatory or optional conversion	-	-	-	-
If convertible, type of instrument convertible into	-	-	-	-
If convertible, issuer of instrument to be converted into	-	-	-	-
Write-down feature	None	None	None	None
If bonds can be written-down, write-down trigger(s)	-	-	-	-
If bond can be written-down, full or partial	-	-	-	-
If bond can be written-down, permanent or temporary	Permanent	Permanent	Permanent	Permanent
If temporary write-down, description of write-up mechanism	There are no any temporary write-up mechanisms.	There are no any temporary write-up mechanisms.	There are no any temporary write-up mechanisms.	There are no any temporary write-up mechanisms.
Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument)	In priority of receivables, it comes after the senior obligations of the Issuer.	In priority of receivables, it comes after the senior obligations of the Issuer.	In priority of receivables, it comes after the senior obligations of the Issuer.	In priority of receivables, it comes after the senior obligations of the Issuer.
In compliance with article number 7 and 8 of Regulation on Bank Capital	Instrument is in compliant with Article 8 of the Regulation on Bank Capital.	Instrument is in compliant with Article 8 of the Regulation on Bank Capital.	Instrument is in compliant with Article 8 of the Regulation on Bank Capital.	Instrument is in compliant with Article 8 of the Regulation on Bank Capital.
Details of incompliance with article number 7 and 8 of Regulation on Bank Capital	Instrument is not in compliant with Article 7 of the Regulation on Bank Capital.	Instrument is not in compliant with Article 7 of the Regulation on Bank Capital.	Instrument is not in compliant with Article 7 of the Regulation on Bank Capital.	Instrument is not in compliant with Article 7 of the Regulation on Bank Capital.

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

<i>Current Period</i>	<i>Carrying value</i>	<i>Amount of correction</i>	<i>Value of the capital report</i>	<i>Explanation of differences</i>
Paid-in Capital	4,200,000	772,554	4,972,554	Inflation adjustments included in Paid-in Capital according to Regulation's Temporary Article 1
Capital Reserves	784,434	(772,554)	11,880	Inflation adjustments included in Paid-in Capital according to Regulation's Temporary Article 1
<i>Other Capital Reserves</i>	772,554	(772,554)	-	Inflation adjustments included in Paid-in Capital according to Regulation's Temporary Article 1
<i>Bonus Shares of Associates, Subsidiaries and Joint-Ventures</i>	-	-	-	
<i>Share Premium</i>	11,880	-	11,880	
Other Comprehensive Income/Expenses in Shareholders' Equity as per TMS	37,860,657	(863,426)	36,997,231	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>	12,487,839	-	12,487,839	
<i>Other Comprehensive Income/Expense Items to be Recycled to Profit/Loss</i>	25,372,818	(863,426)	24,509,392	Items not included in the calculation as per Regulation's Article 9-1-f
Profit Reserves	114,580,124	-	114,580,124	
Profit or Loss	57,217,490	-	57,217,490	
<i>Prior Periods' Profit/Loss</i>	-	-	-	
<i>Current Period Net Profit/Loss</i>	57,217,490	-	57,217,490	
Minority Interest	752,873	(375,412)	377,461	Items are calculated as per Regulation's Article 12
Deductions from Common Equity Tier I Capital (-)	-		1,436,881	Deductions from Common Equity Tier 1 Capital as per the Regulation
<b>Common Equity Tier I Capital</b>	<b>215,395,578</b>		<b>212,719,859</b>	
Subordinated Debts				
Deductions from Tier I Capital (-)			-	Deductions from Tier 1 Capital as per the Regulation
<b>Tier I Capital</b>			<b>212,719,859</b>	
Subordinated Debts			13,467,790	
12 Month ECL (Stage 1) and Lifetime ECL Significant Increase in Credit Risk (Stage 2)			14,160,156	Stage 1 and Stage 2 expected credit losses added to Tier II Capital as per the Regulation's Article 8
Deductions from Tier II Capital (-)			-	Deductions from Tier II Capital as per the Regulation
<b>Tier II Capital</b>			<b>27,627,946</b>	
Deductions from Total Capital (-)			1,448	Deductions from Capital as per the Regulation
<b>Total</b>			<b>240,346,357</b>	

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



<i>Prior Period</i>	<i>Carrying value</i>	<i>Amount of correction</i>	<i>Value of the capital report</i>	<i>Explanation of differences</i>
Paid-in Capital	4,200,000	772,554	4,972,554	Inflation adjustments included in Paid-in Capital according to Regulation's Temporary Article 1
Capital Reserves	784,434	(772,554)	11,880	Inflation adjustments included in Paid-in Capital according to Regulation's Temporary Article 1
<i>Other Capital Reserves</i>	772,554	(772,554)	-	Inflation adjustments included in Paid-in Capital according to Regulation's Temporary Article 1
<i>Bonus Shares of Associates, Subsidiaries and Joint-Ventures</i>	-	-	-	
<i>Share Premium</i>	11,880	-	11,880	
Other Comprehensive Income/Expenses in Shareholders' Equity as per TMS	24,475,470	500,986	24,976,456	Items not included in the calculation as per Regulation's Article 9-1-f and Gain on sale of associate/subsidiaries' shares and real estate classified as different in the value of the capital report
<i>Other Comprehensive Income/Expense Items not to be Recycled to Profit/Loss</i>	4,561,421	-	4,561,421	
<i>Other Comprehensive Income/Expense Items to be Recycled to Profit/Loss</i>	19,914,049	500,986	20,415,035	Items not included in the calculation as per Regulation's Article 9-1-f
Profit Reserves	63,782,784	-	63,782,784	
Profit or Loss	59,396,697	-	59,396,697	
<i>Prior Periods' Profit/Loss</i>	1,111,319	-	1,111,319	
<i>Current Period Net Profit/Loss</i>	58,285,378	-	58,285,378	
Minority Interest	484,735	(273,587)	211,148	Items are calculated as per Regulation's Article 12
Deductions from Common Equity Tier I Capital (-)	-		1,326,379	Deductions from Common Equity Tier 1 Capital as per the Regulation
<b>Common Equity Tier I Capital</b>	<b>153,124,120</b>		<b>152,025,140</b>	
Subordinated Debts			-	
Deductions from Tier I Capital (-)			-	Deductions from Tier 1 Capital as per the Regulation
<b>Tier I Capital</b>			<b>152,025,140</b>	
Subordinated Debts			12,158,080	
12 Month ECL (Stage 1) and Lifetime ECL Significant Increase in Credit Risk (Stage 2)			10,212,658	Stage 1 and Stage 2 expected credit losses added to Tier II Capital as per the Regulation's Article 8
Deductions from Tier II Capital (-)			-	Deductions from Tier II Capital as per the Regulation
<b>Tier II Capital</b>			<b>22,370,738</b>	
Deductions from Total Capital (-)			82	Deductions from Capital as per the Regulation
<b>Total</b>			<b>174,395,796</b>	

#### **4.2 Consolidated credit risk**

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

#### **4.3 Consolidated currency risk**

Foreign currency open position limit is set in compliance with the legal standard ratio of net foreign currency position. As of 30 September 2023, the Bank and its financial subsidiaries’ net ‘on balance sheet’ foreign currency short position amounts to TL 45,444,280 (31 December 2022: TL 32,492,211 short position), net ‘off-balance sheet’ foreign currency long position amounts to TL 67,458,396 (31 December 2022: TL 42,382,203 long position), while net foreign currency long position amounts to TL 22,014,116 (31 December 2022: TL 9,889,992 short position).

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

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

	<b>EUR</b>	<b>USD</b>
<b>The Parent Bank’s foreign currency purchase rate at balance sheet date</b>	28.4330	26.8590
<u>Foreign currency rates for the days before balance sheet date:</u>		
Day 1	28.4330	26.8590
Day 2	28.5270	27.0040
Day 3	28.2640	26.8880
hDay 4	28.4120	26.8440
Day 5	28.3380	26.7900
<b>Last 30-days arithmetical average rate</b>	28.3807	26.5686

*The Bank's consolidated currency risk*

	EUR	USD	Other FCs	Total
<b>Current Period</b>				
<b>Assets</b>				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	53,340,089	70,667,948	25,077,252	149,085,289
Banks	79,915,625	32,362,753	16,634,060	128,912,438
Financial Assets Measured at Fair Value through Profit/Loss	128,468	4,883,450	-	5,011,918
Money Market Placements	-	22,580,592	-	22,580,592
Financial Assets Measured at Fair Value through Other Comprehensive Income	18,157,897	19,131,991	1,770,438	39,060,326
Loans <sup>(*)</sup>	203,417,192	178,695,182	37,263,568	419,375,942
Investments in Associates, Subsidiaries and Joint-Ventures	18,370	-	118,194	136,564
Financial Assets Measured at Amortised Cost	1,066,910	60,186,944	10,029,529	71,283,383
Derivative Financial Assets Held for Hedging Purpose	339,672	1,778,950	13,435	2,132,057
Tangible Assets	788,276	766	663,547	1,452,589
Intangible Assets <sup>(**)</sup>	186,975	-	145,203	332,178
Other Assets <sup>(***)</sup>	(11,313,906)	(3,517,417)	(409,146)	(15,240,469)
<b>Total Assets</b>	<b>346,045,568</b>	<b>386,771,159</b>	<b>91,306,080</b>	<b>824,122,807</b>
<b>Liabilities</b>				
Bank Deposits	489,775	115,429	14,934	620,138
Foreign Currency Deposits	252,236,897	280,873,688	69,012,733	602,123,318
Money Market Funds	4,928,434	38,891,065	606	43,820,105
Other Fundings	30,273,262	19,434,398	1,526,099	51,233,759
Securities Issued <sup>(****)</sup>	1,301,746	72,978,810	490,338	74,770,894
Miscellaneous Payables	4,874,606	6,588,721	761,101	12,224,428
Derivative Financial Liabilities Held for Hedging Purpose	26,066	-	5,682	31,748
Other Liabilities <sup>(*****)</sup>	6,441,357	14,589,222	63,712,118	84,742,697
<b>Total Liabilities</b>	<b>300,572,143</b>	<b>433,471,333</b>	<b>135,523,611</b>	<b>869,567,087</b>
<b>Net 'On Balance Sheet' Position</b>	<b>45,473,425</b>	<b>(46,700,174)</b>	<b>(44,217,531)</b>	<b>(45,444,280)</b>
<b>Net 'Off-Balance Sheet' Position</b>	<b>(36,895,874)</b>	<b>49,865,604</b>	<b>54,488,666</b>	<b>67,458,396</b>
Derivative Assets	22,850,308	156,414,266	62,308,760	241,573,334
Derivative Liabilities	59,746,182	106,548,662	7,820,094	174,114,938
Non-Cash Loans	-	-	-	-
<b>Prior Period</b>				
<b>Total Assets</b>	<b>224,211,106</b>	<b>310,702,347</b>	<b>63,612,115</b>	<b>598,525,568</b>
<b>Total Liabilities</b>	<b>203,480,330</b>	<b>339,326,551</b>	<b>88,210,898</b>	<b>631,017,779</b>
<b>Net 'On Balance Sheet' Position</b>	<b>20,730,776</b>	<b>(28,624,204)</b>	<b>(24,598,783)</b>	<b>(32,492,211)</b>
<b>Net 'Off-Balance Sheet' Position</b>	<b>(16,234,941)</b>	<b>27,002,287</b>	<b>31,614,857</b>	<b>42,382,203</b>
Derivative Assets	61,555,031	136,735,847	34,552,849	232,843,727
Derivative Liabilities	77,789,972	109,733,560	2,937,992	190,461,524
Non-Cash Loans	-	-	-	-

<sup>(\*)</sup> The foreign currency-indexed loans amounting TL 188,452 included under TL loans in the accompanying consolidated financial statements are presented above under the related foreign currency code.

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

<sup>(\*\*\*)</sup> Includes expected credit losses in accordance with TFRS 9.

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

<sup>(\*\*\*\*\*)</sup> The gold deposits of TL 61,785,582 included under deposits in the accompanying consolidated financial statements are presented above under other liabilities.

#### **4.4 Consolidated interest rate risk**

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

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

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

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

<i>Current Period</i>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>5 Years and Over</b>	<b>Non-Interest Bearing (*)</b>	<b>Total</b>
<b>Assets</b>							
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	-	-	-	-	-	318,959,816	<b>318,959,816</b>
Banks	81,263,555	17,032	22,177	39,997	-	49,688,852	<b>131,031,613</b>
Financial Assets Measured at Fair Value through Profit/Loss	6,718,144	141,337	1,883,634	2,088,710	360,753	910,048	<b>12,102,626</b>
Money Market Placements	16,004,691	6,600,996	-	-	-	125,164	<b>22,730,851</b>
Financial Assets Measured at Fair Value through Other Comprehensive Income	19,916,720	3,718,434	9,469,076	23,085,600	3,232,165	35,014,896	<b>94,436,891</b>
Loans	441,497,389	154,625,676	322,022,869	123,974,334	64,319,344	22,827,823	<b>1,129,267,435</b>
Financial Assets Measured at Amortised Cost	17,793,500	6,458,392	22,960,884	106,653,719	7,754,612	28,142,790	<b>189,763,897</b>
Other Assets (**)	239,122	501,166	172,756	260,131	-	76,860,689	<b>78,033,864</b>
<b>Total Assets</b>	<b>583,433,121</b>	<b>172,063,033</b>	<b>356,531,396</b>	<b>256,102,491</b>	<b>75,666,874</b>	<b>532,530,078</b>	<b>1,976,326,993</b>
<b>Liabilities</b>							
Bank Deposits	861,651	-	-	156,307	-	1,026,175	<b>2,044,133</b>
Other Deposits	447,822,192	229,366,150	138,862,863	9,264,200	-	609,844,028	<b>1,435,159,433</b>
Money Market Funds	45,666,607	1,733,879	4,998,610	352,023	-	226,295	<b>52,977,414</b>
Miscellaneous Payables	309,920	78,077	-	-	-	67,220,413	<b>67,608,410</b>
Securities Issued (***)	11,072,134	2,874,894	381,261	22,054,287	38,721,085	1,212,120	<b>76,315,781</b>
Other Fundings	18,214,758	16,370,491	7,865,906	7,740,176	950,613	5,097,482	<b>56,239,426</b>
Other Liabilities	45,063	114,819	300,828	1,012,120	173,145	284,336,421	<b>285,982,396</b>
<b>Total Liabilities</b>	<b>523,992,325</b>	<b>250,538,310</b>	<b>152,409,468</b>	<b>40,579,113</b>	<b>39,844,843</b>	<b>968,962,934</b>	<b>1,976,326,993</b>
<b>On Balance Sheet Long Position</b>	<b>59,440,796</b>	<b>-</b>	<b>204,121,928</b>	<b>215,523,378</b>	<b>35,822,031</b>	<b>-</b>	<b>514,908,133</b>
<b>On Balance Sheet Short Position</b>	<b>-</b>	<b>(78,475,277)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(436,432,856)</b>	<b>(514,908,133)</b>
<b>Off-Balance Sheet Long Position</b>	<b>41,964,238</b>	<b>90,198,123</b>	<b>19,000,447</b>	<b>49,488,912</b>	<b>33,018,209</b>	<b>-</b>	<b>233,669,929</b>
<b>Off-Balance Sheet Short Position</b>	<b>(31,835,106)</b>	<b>(65,257,607)</b>	<b>(23,825,240)</b>	<b>(76,989,303)</b>	<b>(35,600,130)</b>	<b>-</b>	<b>(233,507,386)</b>
<b>Total Position</b>	<b>69,569,928</b>	<b>(53,534,761)</b>	<b>199,297,135</b>	<b>188,022,987</b>	<b>33,240,110</b>	<b>(436,432,856)</b>	<b>162,543</b>

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

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

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

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

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

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

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

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

<i>Current Period</i>	<b>EURO</b>	<b>USD</b>	<b>JPY</b>	<b>TL</b>
<b>Assets</b>				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	0.99	-	-	-
Banks	0.01-4.00	2.00	-	28.50-40.50
Financial Assets at Fair Value through Profit/Loss	5.14	6.16-7.41	-	31.19
Money Market Placements	-	4.97	-	16.37
Financial Assets Measured at Fair Value through Other Comprehensive Income	2.38-4.60	3.00-11.88	-	14.90-43.07
Loans (*)	0.20-48.16	3.39-41.70	-	20.15-69.33
Financial Assets Measured at Amortised Cost	4.42	6.04	-	23.62
<b>Liabilities</b>				
Bank Deposits	3.88-3.90	5.33	-	26.13
Other Deposits	0.12-4.35	0.10-5.70	-	6.00-20.00
Money Market Fundings	2.30	2.62-3.71	-	11.00-48.00
Miscellaneous Payables	-	-	-	-
Securities Issued	5.27	7.20	-	28.13-29.00
Other Fundings	0.80-12.08	1.66-13.15	-	13.70-46.20

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

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

## 4.5 Consolidated position risk of equity securities

### 4.5.1 Equity shares in associates and subsidiaries

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

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

<i>Current Period</i>		<b>Comparison</b>		
<b>Equity Securities (shares)</b>		<b>Carrying Value</b>	<b>Fair Value</b>	<b>Market Value</b>
<b>1</b>	<b>Investment in Shares- Grade A</b>	<b>4,328,380</b>	<b>-</b>	<b>573,928</b>
	Quoted Securities	-	-	573,928
<b>2</b>	<b>Investment in Shares- Grade B</b>	<b>25,557</b>	<b>-</b>	<b>-</b>
	Quoted Securities	-	-	-
<b>3</b>	<b>Investment in Shares- Grade C</b>	<b>822</b>	<b>-</b>	<b>-</b>
	Quoted Securities	-	-	-
<b>4</b>	<b>Investment in Shares- Grade D</b>	<b>-</b>	<b>-</b>	<b>-</b>
	Quoted Securities	-	-	-
<b>5</b>	<b>Investment in Shares- Grade E</b>	<b>1,014</b>	<b>-</b>	<b>-</b>
	Quoted Securities	-	-	-
<b>6</b>	<b>Investment in Shares- Grade F</b>	<b>48</b>	<b>-</b>	<b>-</b>
	Quoted Securities	-	-	-

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

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

<i>Current 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	-	-	-	161,110	-	161,110
3	Other Shares	-	186,321	186,321	-	-	-
	<b>Total</b>	<b>-</b>	<b>186,321</b>	<b>186,321</b>	<b>161,110</b>	<b>-</b>	<b>161,110</b>



<i>Prior Period</i>		Gains/Losses in Current Period	Revaluation Surpluses		Unrealized Gains and Losses		
Portfolio			Total	Amount in Tier I Capital	Total	Amount in Core Capital	Amount in Tier I Capital
1	Private Equity Investments	-	-	-	-	-	-
2	Quoted Shares	-	-	-	99,130	-	99,130
3	Other Shares	-	41,029	41,029	-	-	-
Total		-	41,029	41,029	99,130	-	99,130

#### 4.5.4 Capital requirement as per equity shares

	Current Period			
	Portfolio	Carrying Value	RWA Total	Minimum Capital Requirement
1	Private Equity Investments	-	-	-
2	Quoted Shares	-	-	-
3	Other Shares	6,519,206	5,924,532	473,963
	Total	6,519,206	5,924,532	473,963

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

#### 4.6 Liquidity risk management and consolidated liquidity coverage ratio

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

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

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

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

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

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

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

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

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

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

Diversification of assets and liabilities is assured so as to be able to continuously meet the obligations, also taking into account the relevant currencies. Funding sources are monitored actively during identification of concentration risk related to funding.

The Parent Bank's funding base of customer deposits, interbank and other borrowing transactions are diversified in order to prevent the concentration of a particular funding source. Factors that could trigger the sudden and significant run off in funds or impair the accessibility of the funding sources are analyzed. Additionally, in order to have a healthy liquidity buffer, most of the securities which are eligible as collateral at CBRT issued by Republic of Turkey Ministry of Treasury and Finance have active secondary market are comprised in the Bank's assets.

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

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

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

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

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

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

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

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

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

#### **4.6.1 Liquidity coverage ratio**

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

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

High quality liquid assets consist of cash, deposits in central banks and securities considered as high quality liquid assets. Reserve deposits are included in high quality liquid assets, limited by the amount that is allowed by central bank to use in liquidity shortages. High quality liquid assets are composed of 5.50 % cash, 43.37 % deposits in central banks and 51.13 % securities considered as high quality liquid assets.

The Parent Bank’s main funding sources are deposits, funds borrowed, money market borrowings and securities issued. Consolidated funding source composition as of report date is 81.93 % deposits, 6.20 % funds borrowed and money market borrowings, 4.38 % securities issued and 7.49 % other liabilities.

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

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

<b>Current Period</b>		<b>Total Unweighted Value (Average) (*)</b>		<b>Total Weighted Value (Average) (*)</b>	
		<b>TL+FC</b>	<b>FC</b>	<b>TL+FC</b>	<b>FC</b>
<b>High-Quality Liquid Assets</b>					
1	Total high-quality liquid assets (HQLA)	551,659,111	301,906,020	548,625,631	301,906,020
<b>Cash Outflows</b>					
2	Retail deposits and deposits from small business customers, of which:	908,549,278	448,847,159	84,158,943	44,744,494
3	Stable deposits	133,919,696	2,804,426	6,695,985	140,221
4	Less stable deposits	774,629,582	446,042,733	77,462,958	44,604,273
5	Unsecured wholesale funding, of which:	380,234,748	205,279,076	197,205,607	92,308,401
6	Operational deposits	-	-	-	-
7	Non-operational deposits	306,138,776	189,880,239	142,351,117	81,409,966
8	Unsecured funding	74,095,972	15,398,837	54,854,490	10,898,435
9	Secured wholesale funding	1,803,505	-	723,635	-
10	Other cash outflows of which:	805,013,790	158,297,477	84,439,545	41,090,180
11	Outflows related to derivative exposures and other collateral requirements	16,382,330	18,861,188	16,382,330	18,861,188
12	Outflows related to restructured financial Instruments	-	-	-	-
13	Payment commitments and other off-balance sheet commitments granted for debts to financial markets	788,631,460	139,436,289	68,057,215	22,228,992
14	Other revocable off-balance sheet commitments and contractual obligations	17,034,514	13,810,297	851,726	690,515
15	Other irrevocable or conditionally revocable off-balance sheet obligations	47,158,721	44,912,789	2,357,939	2,245,639
16	Retail deposits and deposits from small business customers, of which:	<b>2,159,794,556</b>	<b>871,146,798</b>	<b>369,737,395</b>	<b>181,079,229</b>
<b>Cash Inflows</b>					
17	Secured receivables	150,519	-	-	-
18	Unsecured receivables	199,471,002	88,836,570	138,918,945	70,390,168
19	Other cash inflows	5,776,150	24,863,131	5,606,351	24,857,813
20	<b>Total Cash Inflows</b>	<b>205,397,671</b>	<b>113,699,701</b>	<b>144,525,296</b>	<b>95,247,981</b>
				<b>Upper Limit Applied Values</b>	
21	<b>Total HQLA</b>			<b>548,625,631</b>	<b>301,906,020</b>
22	<b>Total Net Cash Outflows</b>			<b>225,212,097</b>	<b>85,831,247</b>
23	<b>Liquidity Coverage Ratio (%)</b>			<b>245.04%</b>	<b>359.74%</b>

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

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

<b>Period</b>	<b>TL+FC</b>	<b>FC</b>
31 July 2023	255.68%	372.27%
31 August 2023	249.98%	392.55%
30 September 2023	229.41%	314.33%

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

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

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

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

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

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

#### 4.6.3 Maturity analysis of liabilities according to remaining maturities

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed	Total
<b>Current Period</b>								
<b>Assets</b>								
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank	217,972,158	100,987,658	-	-	-	-	-	318,959,816
Banks	60,455,685	70,369,556	17,712	22,249	32,376	134,035	-	131,031,613
Financial Assets at Fair Value through Profit/Loss	698,532	4,346,599	213,809	1,933,323	4,235,556	650,905	23,902	12,102,626
Money Market Placements	-	16,024,462	6,706,389	-	-	-	-	22,730,851
Financial Assets Measured at Fair Value through Other Comprehensive Income	1,647,703	1,683,559	6,239,810	5,645,882	63,476,903	15,743,034	-	94,436,891
Loans	7,677,731	240,252,638	165,668,871	390,843,420	212,865,824	66,563,615	45,395,336	1,129,267,435
Financial Assets Measured at Amortised Cost	-	229,558	5,193,106	31,680,966	127,707,977	24,950,947	1,343	189,763,897
Other Assets <sup>(*)</sup>	19,182,482	6,965,126	1,890,814	2,533,194	6,701,820	4,222,901	36,537,527	78,033,864
<b>Total Assets</b>	<b>307,634,291</b>	<b>440,859,156</b>	<b>185,930,511</b>	<b>432,659,034</b>	<b>415,020,456</b>	<b>112,265,437</b>	<b>81,958,108</b>	<b>1,976,326,993</b>
<b>Liabilities</b>								
Bank Deposits	1,025,138	862,644	-	11	156,340	-	-	2,044,133
Other Deposits	614,851,438	420,969,589	234,911,264	148,043,833	16,358,405	24,904	-	1,435,159,433
Other Fundings	7,320,469	2,036,568	17,024,064	18,171,625	2,994,399	8,692,301	-	56,239,426
Money Market Funds	12,133	45,714,338	1,788,218	5,100,261	362,464	-	-	52,977,414
Securities Issued <sup>(**)</sup>	-	781,200	872,312	4,762,274	27,977,645	41,896,702	25,648	76,315,781
Miscellaneous Payables	64,099,428	234,966	387,611	478,119	8,099	317	2,399,870	67,608,410
Other Liabilities <sup>(***)</sup>	13,154,263	8,534,434	6,224,405	1,553,400	6,822,133	5,750,990	243,942,771	285,982,396
<b>Total Liabilities</b>	<b>700,462,869</b>	<b>479,133,739</b>	<b>261,207,874</b>	<b>178,109,523</b>	<b>54,679,485</b>	<b>56,365,214</b>	<b>246,368,289</b>	<b>1,976,326,993</b>
<b>Liquidity Gap</b>	<b>(392,828,578)</b>	<b>(38,274,583)</b>	<b>(75,277,363)</b>	<b>254,549,511</b>	<b>360,340,971</b>	<b>55,900,223</b>	<b>(164,410,181)</b>	<b>-</b>
<b>Net Off-Balance Sheet Position</b>	<b>-</b>	<b>(6,089,999)</b>	<b>(3,178,808)</b>	<b>4,493,771</b>	<b>9,693</b>	<b>694,401</b>	<b>-</b>	<b>(4,070,942)</b>
Derivative Financial Assets	-	141,169,489	115,797,047	45,958,025	30,863,982	1,688,438	-	335,476,981
Derivative Financial Liabilities	-	147,259,488	118,975,855	41,464,254	30,854,289	994,037	-	339,547,923
<b>Non-Cash Loans</b>	<b>569</b>	<b>38,629,553</b>	<b>16,764,736</b>	<b>19,439,215</b>	<b>20,115,576</b>	<b>3,564,781</b>	<b>854,115,986</b>	<b>952,630,416</b>
<b>Prior Period</b>								
<b>Total Assets</b>	<b>116,911,378</b>	<b>318,934,643</b>	<b>124,880,328</b>	<b>300,797,423</b>	<b>308,090,760</b>	<b>98,230,822</b>	<b>35,733,129</b>	<b>1,303,578,483</b>
<b>Total Liabilities</b>	<b>487,889,682</b>	<b>312,451,238</b>	<b>162,403,933</b>	<b>76,519,784</b>	<b>39,418,742</b>	<b>41,188,235</b>	<b>183,706,869</b>	<b>1,303,578,483</b>
<b>Liquidity Gap</b>	<b>(370,978,304)</b>	<b>6,483,405</b>	<b>(37,523,605)</b>	<b>224,277,639</b>	<b>268,672,018</b>	<b>57,042,587</b>	<b>(147,973,740)</b>	<b>-</b>
<b>Net Off-Balance Sheet Position</b>	<b>-</b>	<b>(1,704,182)</b>	<b>124,833</b>	<b>2,180,394</b>	<b>(685,770)</b>	<b>155,850</b>	<b>-</b>	<b>71,125</b>
Derivative Financial Assets	-	221,204,685	87,519,273	27,780,043	20,460,454	2,456,023	-	359,420,478
Derivative Financial Liabilities	-	222,908,867	87,394,440	25,599,649	21,146,224	2,300,173	-	359,349,353
<b>Non-Cash Loans</b>	<b>397</b>	<b>25,315,316</b>	<b>7,952,161</b>	<b>11,159,514</b>	<b>15,120,428</b>	<b>2,011,364</b>	<b>420,309,034</b>	<b>481,868,214</b>

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

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

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

#### 4.7 Consolidated leverage ratio

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

The Bank’s consolidated leverage ratio calculated by taking average of end of month leverage ratios for the last three-month periods, is 6.98% (31 December 2022: 8.28%). While the capital increased by 41.16% mainly as a result of increase in net profits, total risk amount increased by 67.61%. Therefore, the current period leverage ratio decreased by 131 basis points compared to prior period.

		<i>Current Period<sup>(***)</sup></i>	<i>Prior Period<sup>(***)</sup></i>
1	Total assets in consolidated financial statements prepared in accordance with Turkish Accounting Standards <sup>(*)</sup> <sup>(**)</sup>	1,892,976,252	1,097,037,332
2	The difference between total assets prepared in accordance with Turkish Accounting Standards <sup>(*)</sup> and total assets in consolidated financial statements prepared in accordance with the Communiqué “Preparation of Consolidated Financial Statements” <sup>(**)</sup>	(1,883,475)	(962,406)
3	The difference between the amounts of derivative financial instruments and credit derivatives in consolidated financial statements prepared in accordance with the Communiqué “Preparation of Consolidated Financial Statements” and risk amounts of such instruments	(50,978,944)	(37,329,018)
4	The difference between the amounts of securities or commodity financing transactions in consolidated financial statements prepared in accordance with the Communiqué “Preparation of Consolidated Financial Statements” and risk amounts of such instruments	97,980,296	122,305,567
5	The difference between the amounts of off-balance items in consolidated financial statements prepared in accordance with the Communiqué “Preparation of Consolidated Financial Statements” and risk amounts of such items	8,791,962	2,124,372
6	Other differences between the amounts in consolidated financial statements prepared in accordance with the Communiqué “Preparation of Consolidated Financial Statements” and risk amounts of such items	-	-
7	Total risk amount	2,905,427,557	1,733,421,089

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

<sup>(\*\*)</sup> The consolidated financial statements prepared in accordance with Turkish Accounting Standards as of 30 June 2023 for the current period and 30 June 2022 for the prior period, are considered.

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

		<i>Current Period <sup>(*)</sup></i>	<i>Prior Period <sup>(*)</sup></i>
<b>On-balance sheet assets</b>			
1	On-balance sheet items (excluding derivative financial instruments and credit derivatives but including collateral)	1,905,515,504	1,207,081,211
2	(Assets deducted in determining Tier I capital)	(1,376,058)	(1,255,657)
3	Total on-balance sheet risks (sum of lines 1 and 2)	1,904,139,446	1,205,825,554
<b>Derivative financial instruments and credit derivatives</b>			
4	Replacement cost associated with all derivative financial instruments and credit derivatives	13,730,623	9,262,221
5	Add-on amounts for PFE associated with all derivative financial instruments and credit derivatives	53,126,966	39,327,319
6	Total risks of derivative financial instruments and credit derivatives (sum of lines 4 and 5)	66,857,589	48,589,540
<b>Securities or commodity financing transactions (SCFT)</b>			
7	Risks from SCFT assets (excluding on-balance sheet)	39,753,994	7,742,053
8	Risks from brokerage activities related exposures	-	-
9	Total risks related with securities or commodity financing transactions (sum of lines 7 and 8)	39,753,994	7,742,053
<b>Other off-balance sheet transactions</b>			
10	Gross notional amounts of off-balance sheet transactions	903,468,490	473,388,314
11	(Adjustments for conversion to credit equivalent amounts)	(8,791,962)	(2,124,372)
12	Total risks of off-balance sheet items (sum of lines 10 and 11)	894,676,528	471,263,942
<b>Capital and total risks</b>			
13	Tier I capital	202,704,362	143,601,330
14	Total risks (sum of lines 3, 6, 9 and 12)	2,905,427,557	1,733,421,089
<b>Leverage ratio</b>			
15	Leverage ratio	6.98%	8.28%

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

#### 4.8 Fair values of financial assets and liabilities

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

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

None.



#### **4.10 Risk management objectives and policies**

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

##### **4.10.1 Risk management strategy and weighted amounts**

###### **4.10.1.1 Risk management strategy**

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

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

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

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

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

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

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

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

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

On the other hand, within the scope of the "Regulation on the Precautionary Plans to be Prepared by Systemically Important Banks" published in the Official Gazette dated 16 March 2021 and numbered 31425, the Bank prepares a Recovery Plan and reports the Plan to BRSA.

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

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

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

**4.10.1.2 Risk weighted amounts**

		Risk Weighted Amounts		Minimum Capital Requirements
		Current Period	Prior Period	Current Period
1	Credit risk (excluding counterparty credit risk) (CCR) (*)	1,104,790,242	794,865,528	88,383,219
2	Of which standardised approach (SA)	1,104,790,242	794,865,528	88,383,219
3	Of which internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	28,007,463	22,133,416	2,240,597
5	Of which standardised approach for counterparty credit risk (SA-CCR)	28,007,463	22,133,416	2,240,597
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	14,793	13,673	1,183
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	31,292,813	48,877,025	2,503,425
17	Of which standardised approach (SA)	31,292,813	48,877,025	2,503,425
18	Of which internal model approaches (IMM)	-	-	-
19	Operational risk	131,296,214	71,651,668	10,503,697
20	Of which basic indicator approach	131,296,214	71,651,668	10,503,697
21	Of which standardised approach	-	-	-
22	Of which advanced measurement approach	-	-	-
23	Amounts below the thresholds for deduction from capital (subject to 250% risk weight)	-	-	-
24	Floor adjustment	-	-	-
25	<b>Total (1+4+7+8+9+10+11+12+16+19+23+24)</b>	<b>1,295,401,525</b>	<b>937,541,310</b>	<b>103,632,121</b>

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

**4.10.2 Linkages between financial statements and risk amounts**

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

**4.10.3 Consolidated credit risk**

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	4,185,178	25,363,625	3,310,207	18,504,580
Central Bank of Turkey	165,689,349	118,548,850	5,895,148	108,120,522
Others	-	5,172,814	-	3,739,285
<b>Total</b>	<b>169,874,527</b>	<b>149,085,289</b>	<b>9,205,355</b>	<b>130,364,387</b>

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

	Current Period		Prior Period	
	TP	FC	TP	FC
Unrestricted Demand Deposits	165,689,349	17,561,192	5,895,148	35,586,176
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	-	100,987,658	-	72,534,346
<b>Total</b>	<b>165,689,349</b>	<b>118,548,850</b>	<b>5,895,148</b>	<b>108,120,522</b>

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

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

The required reserve rates for TL liabilities vary between 0% and 25% for TL deposits and other liabilities according to their maturities as of 30 September 2023 (31 December 2022: 3% and 8% for all TL liabilities); the reserve rates for foreign currency liabilities vary between 5% and 29% for deposit and other foreign currency liabilities according to their maturities as of 30 September 2023 (31 December 2022: 5% and 26% for all foreign currency liabilities). As of 18 August 2023, execution of 5 points higher foreign currency reserve requirement ratios for the banks with a "TL Deposit Share" ratio below 60%, calculated separately for real and legal person deposit portfolio has been terminated.

The commission practice according to the share of Turkish Lira deposits in total deposits which were applied since 23 December 2022, has been changed as of 29 September 2023. An annual commission of 8% in USD will be applied over the required reserve amount placed at CBRT for foreign currency deposit and precious metal deposit accounts, for the banks whose rate of converted and renewed FC Protected TL Deposit Amounts and newly opened Real Person FC Protected TL Deposit Amounts below 100%. Having said that, if a bank achieves the target, but could not convert at least 5% of FC Protected TL Deposit Amounts to Conventional TL Deposit; then a discounted commission rate according to deficient amount would be applied to that bank.

#### 5.1.1.2 Banks

	<i>Current Period</i>		<i>Prior Period</i>	
	TP	FC	TP	FC
Banks				
Domestic banks	1,603,661	725,988	548,751	838,155
Foreign banks	515,514	128,186,450	480,731	60,291,144
Foreign head office and branches	-	-	-	-
<b>Total</b>	<b>2,119,175</b>	<b>128,912,438</b>	<b>1,029,482</b>	<b>61,129,299</b>

The placements at foreign banks include blocked accounts amounting TL 10,861,833 (31 December 2022: TL 9,152,303) of which TL 151,199 (31 December 2022: TL 1,236) kept at the central banks of Malta, TL 969,732 (31 December 2022: TL 606,643) kept at Turkish Republic of Northern Cyprus and TL 9,740,902 (31 December 2022: TL 8,544,424) kept at various banks as collateral.

Furthermore, there are restricted deposits at various domestic banks amounting TL 1,105,340 (31 December 2022: TL 329,141) as required for insurance activities.

#### *Due from foreign banks*

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

#### 5.1.1.3 Receivables from reserve repo transactions

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
<b>Domestic Transactions</b>	<b>150,259</b>	<b>-</b>	<b>34,809,528</b>	<b>-</b>
Central Bank of Turkey	-	-	-	-
Banks	150,259	-	34,809,528	-
Others	-	-	-	-
<b>Foreign Transactions</b>	<b>-</b>	<b>22,580,592</b>	<b>-</b>	<b>35,871,173</b>
Central banks	-	-	-	-
Banks	-	22,580,592h	-	35,871,173
Others	-	-	-	-
<b>Total</b>	<b>150,259</b>	<b>22,580,592</b>	<b>34,809,528</b>	<b>35,871,173</b>

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

<i>Current Period</i>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
<b>Balances at Beginning of Period</b>	<b>905,454</b>	<b>4,029</b>	<b>-</b>	<b>909,483</b>
Additions during the Period (+)	2,909,782	-	-	2,909,782
Disposal (-)	(2,705,010)	(4,037)	-	(2,709,047)
Transfer to Stage1	6	(6)	-	-
Transfer to Stage 2	(6)	6	-	-
Transfer to Stage 3	-	-	-	-
Foreign Currency Differences	206,993	8	-	207,001
<b>Balances at End of Period</b>	<b>1,317,219</b>	<b>-</b>	<b>-</b>	<b>1,317,219</b>

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

## 5.1.2 Financial assets at fair value through profit/loss

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

	<i>Current Period</i>		<i>Prior Period</i>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Collateralised/Blocked Assets	-	1,367,721	-	752,685
Assets Subject to Repurchase Agreements	-	-	-	-
<b>Total</b>	-	<b>1,367,721</b>	-	<b>752,685</b>

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

	<i>Current Period</i>		<i>Prior Period</i>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Government Securities	2,589,527	4,113,694	1,144,328	1,369,671
Equity Securities	4,465,011	102,733	2,580,133	67,322
Other Financial Assets (*)	36,170	795,491	22,584	587,421
<b>Total</b>	<b>7,090,708</b>	<b>5,011,918</b>	<b>3,747,045</b>	<b>2,024,414</b>

(\*) Loans whose contractual conditions are inconsistent with a basic lending agreement (consideration for the time value of money and credit risk are typically the most significant elements of interest) are measured at fair value through profit or loss. As of 30 September 2023, loans with a fair value of TL 1,684 (31 December 2022: TL 58,884) have been classified under other financial assets.

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

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

	<i>Current Period</i>		<i>Prior Period</i>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Collateralised/Blocked Assets	21,471,410	15,925,598	28,104,711	6,114,128
Assets subject to Repurchase Agreements	108,346	12,309,423	-	8,452,415
<b>Total</b>	<b>21,579,756</b>	<b>28,235,021</b>	<b>28,104,711</b>	<b>14,566,543</b>

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

	<i>Current Period</i>	<i>Prior Period</i>
<b>Debt Securities</b>	<b>61,060,774</b>	<b>53,835,518</b>
Quoted at Stock Exchange	61,060,774	53,835,518
Unquoted at Stock Exchange	-	-
<b>Common Shares/Investment Fund</b>	<b>17,897</b>	<b>13,859</b>
Quoted at Stock Exchange	4,491	4,491
Unquoted at Stock Exchange	13,406	9,368
<b>Value Increase/Impairment Losses (-)</b>	<b>33,358,220</b>	<b>35,079,023</b>
<b>Total</b>	<b>94,436,891</b>	<b>88,928,400</b>

Expected losses of TL 261,634 (31 December 2022: TL 280,881) are accounted under shareholders' equity for financial assets measured at fair value through other comprehensive income.

**5.1.4 Derivative financial assets**

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

	<i>Current Period</i>		<i>Prior Period</i>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Forward Transactions	2,463,977	120,271	357,376	103,420
Swap Transactions	3,464,007	6,973,423	3,088,701	4,661,058
Futures	-	-	-	-
Options	146,630	37,809	754,925	453,506
Others	-	3,282	-	109
<b>Total</b>	<b>6,074,614</b>	<b>7,134,785</b>	<b>4,201,002</b>	<b>5,218,093</b>

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

<b>Derivative Financial Assets Held for Hedging Purpose</b>	<i>Current Period</i>		<i>Prior Period</i>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Fair Value Hedges	-	860,555	-	358,619
Cash Flow Hedges	218,162	1,283,203	195,721	1,061,783
Net Foreign Investment Hedges	-	-	-	-
<b>Total</b>	<b>218,162</b>	<b>2,143,758</b>	<b>195,721</b>	<b>1,420,402</b>



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

	<i>Current Period</i>			<i>Prior Period</i>		
	Face Value	Asset	Liability	Face Value	Asset	Liability
Interest Rate Swaps	58,824,014	2,274,459	32,295	55,794,354	1,353,175	3,659
-TL	2,436,666	218,162	-	620,000	17,025	3,659
-FC	56,387,348	2,056,297	32,295	55,174,354	1,336,150	-
Currency Swaps	6,806,145	-	21,839	11,068,932	11,708	21,111
-TL	3,458,315	-	21,839	5,550,445	11,708	21,111
-FC	3,347,830	-	-	5,518,487	-	-
Cross Currency Swaps	3,115,372	11,674	103,955	2,553,835	182,038	11,106
-TL	1,090,189	-	87,496	653,406	154,899	4,961
-FC	2,025,183	11,674	16,459	1,900,429	27,139	6,145
Currency Forwards	400,233	24	8,377	94,940	12,089	730
-TL	75,375	-	-	21,862	12,089	-
-FC	324,858	24	8,377	73,078	-	730
Interest Rate Options	300,656	75,763	-	388,100	57,113	-
-TL	-	-	-	-	-	-
-FC	300,656	75,763	-	388,100	57,113	-
<b>Total</b>	<b>69,446,420</b>	<b>2,361,920</b>	<b>166,466</b>	<b>69,900,161</b>	<b>1,616,123</b>	<b>36,606</b>

#### 5.1.4.3 Fair value hedge accounting

<i>Current Period</i>						
Hedging Item	Hedged Item	Type of Risk	Fair Value Change of Hedged Item	Net Fair Value Change of Hedging Item		Income Statement Effect (gains/losses from derivative financial instruments)
				Asset	Liability	
Interest Rate Swaps	Fixed-rate commercial loans	Interest rate risk	3,609	18,118	(5,772)	15,389
Interest Rate Swaps	Fixed-rate securities	Interest rate risk	(413,541)	842,437	(26,523)	269,438
Cross Currency Swaps	Fixed-rate securities issued	Interest rate and foreign currency exchange rate risk	-	-	-	(191)

  

<i>Prior Period</i>						
Hedging Item	Hedged Item	Type of Risk	Fair Value Change of Hedged Item	Net Fair Value Change of Hedging Item		Income Statement Effect (gains/losses from derivative financial instruments)
				Asset	Liability	
Interest Rate Swaps	Fixed-rate commercial loans	Interest rate risk	13,725	15,406	-	43,636
Interest Rate Swaps	Fixed-rate securities	Interest rate risk	(312,226)	343,213	-	41,290
Cross Currency Swaps	Fixed-rate securities issued	Interest rate and foreign currency exchange rate risk	-	-	-	-

**5.1.4.4 Cash flow hedge accounting**

<b>Current Period</b>							
<b>Hedging Item</b>	<b>Hedged Item</b>	<b>Type of Risk</b>	<b>Fair Value Change of Hedged Item</b>		<b>Gains/Losses Accounted under Shareholders' Equity in the Period</b>	<b>Gains/Losses Accounted under Income Statement in the Period</b>	<b>Ineffective Portion (net) Accounted under Income Statement</b>
			<b>Asset</b>	<b>Liability</b>			
Interest Rate Swaps	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates	83,256	-	(100,556)	8,257	-
Interest Rate Swaps	Floating-rate deposit	Cash flow risk resulted from change in market interest rates	1,330,648	-	695,883	319,007	107,887
Cross Currency Swaps	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	-	(31,258)	230,324	-	-
Cross Currency Swaps	Fixed-rate funds borrowed	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	11,674	(72,697)	(874)	(511)	-
Currency Forwards	Mile payments	Cash flow risk resulted from foreign currency exchange rates	-	-	-	-	-
Currency Forwards	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	24	(8,377)	(719)	511	-
Interest Rate Options	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	75,763	-	22,431	-	-
Currency Swaps	Expected investment /Operational expenses	Cash flow risk resulted from foreign currency exchange rates	-	(21,839)	45,542	-	-
Spot Position	Mile payments	Cash flow risk resulted from foreign currency exchange rates	-	-	165,340	-	-

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 (667,006) and the amount recognized in equity is TL (1,482,815).

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

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

## 5.1.5 Loans

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

	Current Period		Prior Period	
	Cash Loans	Non-Cash Loans	Cash Loans	Non-Cash Loans
<b>Direct Lendings to Shareholders</b>	-	3,606,683	-	2,405,182
Corporates	-	3,606,683	-	2,405,182
Individuals	-	-	-	-
<b>Indirect Lendings to Shareholders</b>	359,510	32,971	89,672	9,938
<b>Loans to Employees</b>	1,310,819	21	878,273	77
<b>Total</b>	1,670,329	3,639,675	967,945	2,415,197

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

Current Period	Performing Loans	Loans under Follow-up		
Cash Loans (*)		Non-restructured	Restructured	
			Revised Contract Terms	Refinanced
<b>Loans</b>	934,017,799	84,398,120	23,572,591	27,928,659
Working Capital Loans	113,356,020	5,169,432	1,911,214	13,815,370
Export Loans	124,848,499	3,948,906	49,026	107,096
Import Loans	1,037,516	-	-	-
Loans to Financial Sector	35,225,148	719	-	50,346
Consumer Loans	167,975,122	19,372,340	986,406	31,313
Credit Cards	181,820,609	30,182,764	1,915,842	-
Others	309,754,885	25,723,959	18,710,103	13,924,534
<b>Specialization Loans</b>	-	-	-	-
<b>Other Receivables</b>	35,857,217	1,449,822	592,271	52,108
<b>Total</b>	969,875,016	85,847,942	24,164,862	27,980,767

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

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

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

Current Period	Corporate/ Commercial Loans		Consumer Loans		Financial Lease		Factoring		Total	
	TL	FC	TL	FC	TL	FC	TL	FC	TL	FC
Performing Loans (Stage 1)	301,586,908	308,560,617	300,583,963	23,270,372	9,710,875	15,617,742	9,214,899	1,329,640	621,096,645	348,778,371
Loans under Follow-up (Stage 2)	28,501,954	60,722,570	43,499,525	3,175,321	119,093	1,975,020	88	-	72,120,660	65,872,911
<b>Total Stage 1 and 2 Loans</b>	<b>330,088,862</b>	<b>369,283,187</b>	<b>344,083,488</b>	<b>26,445,693</b>	<b>9,829,968</b>	<b>17,592,762</b>	<b>9,214,987</b>	<b>1,329,640</b>	<b>693,217,305</b>	<b>414,651,282</b>
Expected Credit losses-Stage 1-2 (-)	4,967,110	23,399,937	3,925,033	413,336	85,120	521,109	20,654	1,472	8,997,917	24,335,854
<b>Total Non-performing Loans</b>	<b>9,474,021</b>	<b>2,518,894</b>	<b>7,003,083</b>	<b>779,864</b>	<b>338,554</b>	<b>1,221,625</b>	<b>46,982</b>	<b>15,825</b>	<b>16,862,640</b>	<b>4,536,208</b>
Expected Credit losses-Stage 3 (-)	7,260,807	1,805,334	4,111,790	598,402	278,001	779,149	39,573	15,825	11,690,171	3,198,710

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

	Current Period		Prior Period	
	Performing Loans	Loans Under Follow-Up	Performing Loans	Loans Under Follow-Up
12-Month ECL (Stage 1)	5,229,630	-	4,490,335	-
Significant Increase in Credit Risk (Stage 2)	-	28,104,141	-	20,906,952

As of 30 September 2023, loans amounting to TL 8,220,704 are benefited as collateral under funding transactions (31 December 2022: TL 6,480,885).

*Collaterals received for loans under follow-up*

Current Period	Corporate / Commercial Loans	Consumer Loans	Credit Cards	Total
Loans Collateralized by Cash	7,860,427	31,872	-	7,892,299
Loans Collateralized by Mortgages / Shares/ Credit Guarantee Fund Sureties	32,726,608	3,281,710	-	36,008,318
Loans Collateralized by Pledged Assets	8,166,532	693,869	-	8,860,401
Loans Collateralized by Cheques and Notes	87,883	4,962	-	92,845
Loans Collateralized by Other Collaterals	33,736,340	12,566,324	-	46,302,664
Unsecured Loans	2,927,116	3,811,322	32,098,606	38,837,044
<b>Total</b>	<b>85,504,906</b>	<b>20,390,059</b>	<b>32,098,606</b>	<b>137,993,571</b>

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

*Delinquency periods of loans under follow-up*

<i>Current Period</i>	<b>Corporate / Commercial Loans</b>	<b>Consumer Loans</b>	<b>Credit Cards</b>	<b>Total</b>
31-60 days	2,188,744	1,518,522	1,290,218	4,997,484
61-90 days	312,262	567,891	540,082	1,420,235
Other	83,003,900	18,303,646	30,268,306	131,575,852
<b>Total</b>	<b>85,504,906</b>	<b>20,390,059</b>	<b>32,098,606</b>	<b>137,993,571</b>

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

**5.1.5.3 Maturity analysis of cash loans**

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

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

<i>Current Period</i>	<b>Short-Term</b>	<b>Medium and Long-Term</b>	<b>Total</b>
<b>Consumer Loans – TL</b>	<b>39,101,027</b>	<b>102,064,226</b>	<b>141,165,253</b>
Housing Loans	82,493	34,907,262	34,989,755
Automobile Loans	2,628,713	7,510,396	10,139,109
General Purpose Loans	36,389,821	59,646,568	96,036,389
Others	-	-	-
<b>Consumer Loans – FC-indexed</b>	<b>-</b>	<b>141,329</b>	<b>141,329</b>
Housing Loans	-	141,329	141,329
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Others	-	-	-
<b>Consumer Loans – FC</b>	<b>4,033,068</b>	<b>20,621,633</b>	<b>24,654,701</b>
Housing Loans	740,265	13,255,371	13,995,636
Automobile Loans	-	17,312	17,312
General Purpose Loans	1,443,244	4,916,186	6,359,430
Others	1,849,559	2,432,764	4,282,323
<b>Retail Credit Cards – TL</b>	<b>174,496,757</b>	<b>865,070</b>	<b>175,361,827</b>
With Installment	86,426,579	865,070	87,291,649
Without Installment	88,070,178	-	88,070,178
<b>Retail Credit Cards – FC</b>	<b>1,611,774</b>	<b>18,118</b>	<b>1,629,892</b>
With Installment	-	-	-
Without Installment	1,611,774	18,118	1,629,892
<b>Personnel Loans – TL</b>	<b>251,386</b>	<b>213,521</b>	<b>464,907</b>
Housing Loan	-	399	399
Automobile Loans	226	538	764
General Purpose Loans	251,160	212,584	463,744
Others	-	-	-
<b>Personnel Loans – FC-indexed</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Others	-	-	-
<b>Personnel Loans – FC</b>	<b>14,127</b>	<b>111,384</b>	<b>125,511</b>
Housing Loans	2,955	60,076	63,031
Automobile Loans	-	-	-
General Purpose Loans	8,968	48,347	57,315
Others	2,204	2,961	5,165
<b>Personnel Credit Cards – TL</b>	<b>693,054</b>	<b>1,569</b>	<b>694,623</b>
With Installment	283,918	1,569	285,487
Without Installment	409,136	-	409,136
<b>Personnel Credit Cards – FC</b>	<b>24,830</b>	<b>926</b>	<b>25,756</b>
With Installment	-	-	-
Without Installment	24,830	926	25,756
<b>Deposit Accounts– TL (Real Persons)</b>	<b>21,813,461</b>	<b>-</b>	<b>21,813,461</b>
<b>Deposit Accounts– TL (Personnel)</b>	<b>19</b>	<b>-</b>	<b>19</b>
<b>Deposit Accounts– FC (Real Persons)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>242,039,503</b>	<b>124,037,776</b>	<b>366,077,279</b>

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



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

<i>Current Period</i>	<b>Short-Term</b>	<b>Medium and Long-Term</b>	<b>Total</b>
<b>Installment-based Commercial Loans – TL</b>	<b>14,774,714</b>	<b>21,555,124</b>	<b>36,329,838</b>
Real Estate Loans	9,496	735,080	744,576
Automobile Loans	3,138,495	13,825,340	16,963,835
General Purpose Loans	11,626,723	6,994,704	18,621,427
Others	-	-	-
<b>Installment-based Commercial Loans - FC-indexed</b>	<b>-</b>	<b>44,195</b>	<b>44,195</b>
Real Estate Loans	-	36,726	36,726
Automobile Loans	-	-	-
General Purpose Loans	-	7,469	7,469
Others	-	-	-
<b>Installment-based Commercial Loans – FC</b>	<b>12,737,501</b>	<b>19,430,819</b>	<b>32,168,320</b>
Real Estate Loans	-	-	-
Automobile Loans	19,448	1,721,349	1,740,797
General Purpose Loans	-	37,923	37,923
Others	12,718,053	17,671,547	30,389,600
<b>Corporate Credit Cards – TL</b>	<b>35,467,979</b>	<b>539,962</b>	<b>36,007,941</b>
With Installment	8,935,086	539,962	9,475,048
Without Installment	26,532,893	-	26,532,893
<b>Corporate Credit Cards – FC</b>	<b>199,176</b>	<b>-</b>	<b>199,176</b>
With Installment	-	-	-
Without Installment	199,176	-	199,176
<b>Deposit Accounts– TL (Corporates)</b>	<b>5,347,196</b>	<b>-</b>	<b>5,347,196</b>
<b>Deposit Accounts– FC (Corporates)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>68,526,566</b>	<b>41,570,100</b>	<b>110,096,666</b>

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

#### 5.1.5.6 Allocation of loans by customers

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

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

	<i>Current Period</i>	<i>Prior Period</i>
Domestic Loans	987,321,515	680,243,288
Foreign Loans	120,547,072	89,045,847
<b>Total</b>	<b>1,107,868,587</b>	<b>769,289,135</b>

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

#### 5.1.5.8 Loans to associates and subsidiaries

	<i>Current Period</i>	<i>Prior Period</i>
Direct Lending	4,405,747	1,273,242
Indirect Lending	-	-
<b>Total</b>	<b>4,405,747</b>	<b>1,273,242</b>

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

	<i>Current Period</i>	<i>Prior Period</i>
Substandard Loans- Limited Collectability	2,583,524	1,624,465
Doubtful Loans	2,223,615	1,289,382
Uncollectible Loans	10,081,742	11,775,155
<b>Total</b>	<b>14,888,881</b>	<b>14,689,002</b>

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

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

	<b>Group III Substandard Loans</b>	<b>Group IV Doubtful Loans</b>	<b>Group V Uncollectible Loans</b>
<i><b>Current Period</b></i>			
(Gross amounts before provisions)	779,761	893,784	5,890,280
Restructured Loans and Receivables	779,761	893,784	5,890,280
<i><b>Prior Period</b></i>			
(Gross amounts before provisions)	1,225,984	479,624	7,648,409
Restructured Loans and Receivables	1,225,984	479,624	7,648,409

*Movements in non-performing loan groups*

	<b>Group III Substandard Loans</b>	<b>Group IV Doubtful Loans</b>	<b>Group V Uncollectible Loans</b>
<i><b>Current Period</b></i>			
<b>Balances at End of Prior Period</b>	<b>2,824,648</b>	<b>1,976,525</b>	<b>15,488,631</b>
Additions during the Period (+)	7,693,542	81,171	560,332
Transfer from Other NPL Categories (+)	106,362	5,270,157	3,038,028
Transfer to Other NPL Categories (-)	5,280,694	3,078,468	55,385
Collections during the Period (-)	1,251,046	761,595	4,337,256
Write down /Write-offs (-) <sup>(*)</sup>	1,555	-	1,232,379
Debt Sale (-) <sup>(**)</sup>	4,163	92,463	952,967
Corporate and Commercial Loans	-	-	361,557
Retail Loans	4,163	92,463	340,827
Credit Cards	-	-	250,583
Other <sup>(***)</sup>	-	-	(51,057)
Foreign Currency Differences	518,711	150,419	789,350
<b>Balances at End of Period</b>	<b>4,605,805</b>	<b>3,545,746</b>	<b>13,247,297</b>
Provisions (-)	2,583,524	2,223,615	10,081,742
<b>Net Balance on Balance Sheet</b>	<b>2,022,281</b>	<b>1,322,131</b>	<b>3,165,555</b>

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

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

(\*\*) As of 30 September 2023, Bank's and consolidated subsidiaries, has also written down "Group V Loan" (Loans Classified as Loss) amounting to TL 13,846,854 (31 December 2022: TL 12,020,470 ). During the period, the non-performing loan ratio of the Group calculated as 1.89% (31 December 2022: 4.03%) by taking into account the written-off loans in accordance with the amendment on the relevant Provisions Regulation instead of 3.08% (31 December 2022: 2.57%). The loan granted to LYY Telekomünikasyon A.Ş. amounting to USD 459,033,539 (TL 7,576,349) has been transferred as non-performing loans and has been written-down at the same time and then has been written-off in the prior period.

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

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

#### *Non-performing loans in foreign currencies*

	<b>Group III</b>	<b>Group IV</b>	<b>Group V</b>
	<b>Substandard Loans and Receivables</b>	<b>Doubtful Loans and Receivables</b>	<b>Uncollectible Loans and Receivables</b>
<i>Current Period</i>			
<b>Balance at End of Period</b>	<b>1,635,002</b>	<b>835,784</b>	<b>7,994,839</b>
Provisions (-)	1,050,295	608,918	6,077,356
<b>Net Balance at Balance Sheet</b>	<b>584,707</b>	<b>226,866</b>	<b>1,917,483</b>
<i>Prior Period</i>			
<b>Balance at End of Period</b>	<b>1,410,735</b>	<b>265,669</b>	<b>10,542,501</b>
Provisions (-)	858,800	236,342	8,003,547
<b>Net Balance at Balance Sheet</b>	<b>551,935</b>	<b>29,327</b>	<b>2,538,954</b>

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

	<b>Group III</b>	<b>Group IV</b>	<b>Group V</b>
	<b>Substandard</b>	<b>Doubtful</b>	<b>Uncollectible</b>
	<b>Loans</b>	<b>Loans</b>	<b>Loans</b>
<b>Current Period (Net)</b>	<b>2,022,281</b>	<b>1,322,131</b>	<b>3,165,555</b>
Loans to Individuals and Corporates (Gross)	4,486,523	3,520,169	13,154,371
Provision (-)	2,500,889	2,210,778	9,997,204
Loans to Individuals and Corporates (Net)	1,985,634	1,309,391	3,157,167
Banks (Gross)	-	-	-
Provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	119,282	25,577	92,926
Provision (-)	82,635	12,837	84,538
Other Loans and Receivables (Net)	36,647	12,740	8,388
<b>Prior Period (Net)</b>	<b>1,200,190</b>	<b>687,143</b>	<b>3,713,469</b>
Loans to Individuals and Corporates (Gross)	2,768,734	1,964,835	15,383,332
Provision (-)	1,599,159	1,280,431	11,684,864
Loans to Individuals and Corporates (Net)	1,169,575	684,404	3,698,468
Banks (Gross)	-	-	-
Provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	55,921	11,690	105,292
Provision (-)	25,306	8,951	90,291
Other Loans and Receivables (Net)	30,615	2,739	15,001

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

	<b>Group III</b>	<b>Group IV</b>	<b>Group V</b>
	<b>Substandard</b>	<b>Doubtful Loans</b>	<b>Uncollectible</b>
	<b>Loans</b>		<b>Loans</b>
<b>Current Period (Net)</b>	<b>115,295</b>	<b>97,565</b>	<b>197,993</b>
Interest accruals and valuation differences	239,740	245,445	776,559
Provision (-)	124,445	147,880	578,566
<b>Prior Period (Net)</b>	<b>55,872</b>	<b>56,266</b>	<b>224,494</b>
Interest accruals and valuation differences	127,784	146,307	876,362
Provision (-)	71,912	90,041	651,868

*Collaterals received for non-performing loans*

<i>Current Period</i>	<b>Corporate/ Commercial Loans</b>	<b>Consumer Loans</b>	<b>Credit Cards</b>	<b>Total</b>
Loans Collateralized by Cash	3,391	304	-	3,695
Loans Collateralized by Mortgages	6,197,308	130,859	-	6,328,167
Loans Collateralized by Pledged Assets	1,477,868	21,827	-	1,499,695
Loans Collateralized by Cheques and Notes	136,243	1,368	-	137,611
Loans Collateralized by Other Collaterals	3,156,313	4,204,002	-	7,360,315
Unsecured Loans	2,304,134	1,120,063	2,645,168	6,069,365
<b>Total</b>	<b>13,275,257</b>	<b>5,478,423</b>	<b>2,645,168</b>	<b>21,398,848</b>

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

**5.1.5.11 Expected credit loss for loans**

<i>Current Period</i>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
<b>Balances at End of Prior Period</b>	<b>4,490,335</b>	<b>20,906,952</b>	<b>14,689,002</b>	<b>40,086,289</b>
Additions during the Period (+)	6,470,664	13,589,442	2,717,770	22,777,876
Disposal (-)	(9,811,264)	(7,570,187)	(3,437,993)	(20,819,444)
Debt Sale (-)	-	-	(974,371)	(974,371)
Write-offs (-)	-	-	(1,233,934)	(1,233,934)
Transfer to Stage1	5,017,447	(4,986,819)	(30,628)	-
Transfer to Stage 2	(1,525,067)	1,614,159	(89,092)	-
Transfer to Stage 3	(23,562)	(2,162,579)	2,186,141	-
Foreign Currency Differences	611,077	6,713,173	1,061,986	8,386,236
<b>Balances at End of Period</b>	<b>5,229,630</b>	<b>28,104,141</b>	<b>14,888,881</b>	<b>48,222,652</b>

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

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

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

#### **5.1.5.13 Write-off policy**

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

### **5.1.6 Lease receivable (Net)**

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

	<i>Current Period</i>		<i>Prior Period</i>	
	<b>Gross</b>	<b>Net</b>	<b>Gross</b>	<b>Net</b>
Less than 1 Year	14,838,419	11,991,778	8,073,335	6,810,218
Between 1-5 Years	16,833,497	15,158,989	11,731,327	10,613,736
Longer than 5 Years	286,943	271,963	326,227	312,161
<b>Total</b>	<b>31,958,859</b>	<b>27,422,730</b>	<b>20,130,889</b>	<b>17,736,115</b>

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

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

	<i>Current Period</i>	<i>Prior Period</i>
Gross Financial Lease Receivables	31,958,859	20,130,889
Unearned Income on Financial Lease Receivables (-)	(4,536,129)	(2,394,774)
Terminated Lease Contracts (-)	-	-
<b>Net Financial Lease Receivables</b>	<b>27,422,730</b>	<b>17,736,115</b>

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

#### **5.1.6.3 Financial lease agreements**

##### *Criteria applied for financial lease agreements*

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

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

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

##### *Details monitored subsequent to signing of financial lease agreements*

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

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

### 5.1.7 Factoring receivables

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

### 5.1.8 Financial assets measured at amortised cost

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

	<i>Current Period</i>		<i>Prior Period</i>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Collateralised/Blocked Investments	84,843,315	16,288,230	52,040,944	19,264,769
Investments subject to Repurchase Agreements	-	36,556,022	42,589	16,293,681
<b>Total</b>	<b>84,843,315</b>	<b>52,844,252</b>	<b>52,083,533</b>	<b>35,558,450</b>

#### 5.1.8.2 Government securities measured at amortised cost

	<i>Current Period</i>	<i>Prior Period</i>
Government Bonds	168,220,856	97,364,114
Treasury Bills	229,557	174,069
Other Government Securities	7,536,917	7,726,350
<b>Total</b>	<b>175,987,330</b>	<b>105,264,533</b>

#### 5.1.8.3 Financial assets measured at amortised cost

	<i>Current Period</i>	<i>Prior Period</i>
<b>Debt Securities</b>	<b>164,708,266</b>	<b>90,619,870</b>
Quoted at Stock Exchange	164,252,627	90,320,793
Unquoted at Stock Exchange	455,639	299,077
<b>Valuation Increase / (Decrease)</b>	<b>25,055,631</b>	<b>19,399,986</b>
<b>Total</b>	<b>189,763,897</b>	<b>110,019,856</b>

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

	<i>Current Period</i>	<i>Prior Period</i>
<b>Balances at Beginning of Period</b>	<b>110,019,856</b>	<b>40,167,047</b>
Foreign Currency Differences on Monetary Assets	21,473,490	12,482,328
Purchases during the Period	67,170,585	51,352,248
Disposals through Sales/Redemptions	(14,779,839)	(5,655,451)
Valuation Effect	5,879,805	11,673,684
<b>Balances at End of Period</b>	<b>189,763,897</b>	<b>110,019,856</b>



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

<i>Current Period</i>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
<b>Balances at End of Prior Period</b>	<b>466,516</b>	-	-	<b>466,516</b>
Additions during the Period (+)	370,709	-	-	370,709
Disposal (-)	(192,744)	-	-	(192,744)
Transfer to Stage1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Foreign Currency Differences	89,315	-	-	89,315
<b>Balances at End of Period</b>	<b>733,796</b>	-	-	<b>733,796</b>

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

**5.1.9 Assets held for sale and assets of discontinued operations**

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

	<i>Current Period</i>	<i>Prior Period</i>
<b>End of Prior Period</b>		
<b>Cost</b>	<b>782,707</b>	<b>596,163</b>
<b>Accumulated Depreciation (-)</b>	<b>(2,289)</b>	<b>(10,215)</b>
<b>Net Book Value</b>	<b>780,418</b>	<b>585,948</b>
<b>End of Current Period</b>		
Additions	1,504,977	565,733
Disposals (Cost)	(145,255)	(391,709)
Disposals (Accumulated Depreciation)	69	8,038
Reversal of Impairment / Impairment Losses	356	8,991
Depreciation Expense for Current Period (-)	-	(112)
Currency Translation Differences on Foreign Operations	1,766	3,529
<b>Cost</b>	<b>2,144,551</b>	<b>782,707</b>
<b>Accumulated Depreciation (-)</b>	<b>(2,220)</b>	<b>(2,289)</b>
<b>Net Book Value</b>	<b>2,142,331</b>	<b>780,418</b>

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

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

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

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

#### 5.1.10 Investments in associates

##### 5.1.10.1 Unconsolidated investments in associates

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

	Total Assets	Shareholders' Equity	Total Fixed Assets <sup>(*)</sup>	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value
1	101,405	76,852	33,553	3,172	13	17,072	4,077	-
2	3,512,646	2,762,304	209,425	273,668	-	2,077,231	122,202	-
3	3,224,294	443,603	53,096	66,487	766	98,629	53,350	-
4	93,492,229	5,540,972	241,018	1,548,117	123,004	1,035,347	658,669	-
5	91,710,707	9,454,794	837,195	552,580	-	3,583,577	1,754,959	-
6	1,062,916	217,363	429,394	16,302	799	102,762	19,581	-
7	3,575,062,693	84,895,025	1,148,976	135,246,966	31,372,141	72,029,068	57,483,159	-
8	3,359,176	1,592,127	43,138	130,899	-	300,457	159,089	-
9	114,424	101,781	29,932	4,595	824	42,625	42,625	-
10	154,849	82,473	2,582	4,070	8,725	11,492	9,637	-
11	5,922,982	5,918,640	19,725	799,767	22,718	733,151	-	-

(1) Financial information is as of 30 June 2023.

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

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

*Unconsolidated investments in associates sold during the current period*

None.

*Unconsolidated investments in associates acquired during the current period*

None.

#### **5.1.10.2 Consolidated investments in associates**

None.

#### **5.1.10.3 Movement of consolidated investments in associates**

None.

*Valuation methods of consolidated investments in associates*

None.

*Sectoral distribution of consolidated investments and associates*

None.

*Quoted consolidated investments in associates*

None.

*Investments in associates sold during the current period*

None.

*Investments in associates acquired during the current period*

None.

### 5.1.11 Investments in subsidiaries (net)

#### *Information on capital adequacy of major subsidiaries*

<i>Current Period</i>	<b>Garanti Bank International NV</b>	<b>Garanti Holding BV</b>	<b>Garanti Finansal Kiralama AŞ</b>	<b>Garanti Emeklilik ve Hayat AŞ</b>	<b>Garanti Yatırım Menkul</b>
<b>COMMON EQUITY TIER I CAPITAL</b>					
Paid-in Capital to be Entitled for Compensation after All Creditors	3,895,415	12,478,932	357,848	517,159	205,423
Share Premium	-	368,888	-	-	-
Share Cancellation Profits	-	-	-	-	-
Legal Reserves	2,036,421	1,555,575	3,252,083	875,902	2,026,697
Other Comprehensive Income according to TAS	13,157,781	8,699	-	16,042	-
Current and Prior Periods' Profits	1,884,562	722,018	2,035,605	1,380,248	2,336,378
Minority interest	-	-	-	-	64,445
<b>Common Equity Tier I Capital Before Deductions</b>	<b>20,974,179</b>	<b>15,134,112</b>	<b>5,645,536</b>	<b>2,789,351</b>	<b>4,632,943</b>
<b>Deductions From Common Equity Tier I Capital</b>					
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	173,762	2,376,567	6,475	15,935	8,050
Leasehold Improvements on Operational Leases (-)	-	-	-	63	1,200
Goodwill and Other Intangible Assets and Related Deferred Taxes (-)	186,964	1,572,151	25,256	66,639	16,662
Net Deferred Tax Asset/Liability (-)	-	-	-	-	-
<b>Total Deductions from Common Equity Tier I Capital</b>	<b>360,726</b>	<b>3,948,718</b>	<b>31,731</b>	<b>82,637</b>	<b>25,912</b>
<b>Total Common Equity Tier I Capital</b>	<b>20,613,453</b>	<b>11,185,394</b>	<b>5,613,805</b>	<b>2,706,714</b>	<b>4,607,031</b>
<b>Total Deductions From Tier I Capital</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Tier I Capital</b>	<b>20,613,453</b>	<b>11,185,394</b>	<b>5,613,805</b>	<b>2,706,714</b>	<b>4,607,031</b>
<b>TIER II CAPITAL</b>	<b>-</b>	<b>3,269,718</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL CAPITAL</b>	<b>20,613,453</b>	<b>14,455,112</b>	<b>5,613,805</b>	<b>2,706,714</b>	<b>4,607,031</b>

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

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

**5.1.11.1 Unconsolidated investments in subsidiaries**

	Subsidiaries	Address (City/ Country)	Parent Bank's Share – If Different, Voting Rights (%)	Bank Risk Group's Share (%)
1	Garanti Kültür AŞ	Istanbul/Turkey	100.00	100.00
2	Garanti Konut Finansmanı Danışmanlık Hiz. AŞ	Istanbul/Turkey	100.00	100.00
3	Trifoi Real Estate Company	Bucharest/Romania	-	100.00
4	Motoractive Multi Services SRL	Bucharest/Romania	-	100.00
5	Garanti Filo Yönetim Hizmetleri AŞ	Istanbul/Turkey	-	100.00
6	Garanti Filo Sigorta Aracılık Hizmetleri AŞ	Istanbul/Turkey	-	100.00
7	Garanti Ödeme ve Elektronik Para Hizmetleri A.Ş.	İstanbul/Türkiye	50.00	100.00
8	Garanti BBVA Finansal Teknoloji A.Ş.	İstanbul/Türkiye	100.00	100.00
9	Garanti BBVA Dijital Varlıklar A.Ş.	İstanbul/Türkiye	-	100.00

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

	Total Assets	Shareholders' Equity	Total Fixed Assets (*)	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value	Amount of Equity Requirement
1	6,899	1,774	550	-	-	220	1,052,31	-	-
2	7,711	4,706	-	410	-	(491)	234,911	-	-
3	33,859	27,823	33,847	-	-	-	4	-	-
4	222,802	118,185	189,057	545	-	12,634	8,970	-	-
5	13,667,446	3,466,940	11,970,526	49,856	-	1,249,353	712,813	-	-
6	17,722	14,763	-	2,948	-	6,949	2,080	-	-
7	172,675	165,813	90,939	13,005	-	(346)	397	-	-
8	447,178	447,178	-	2,676	-	(822)	-	-	-
9	441,646	439,295	161	5,596	-	(4,705)	-	-	-

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

**Unconsolidated subsidiaries sold during the current period**

None.

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

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

**5.1.11.2 Movement of consolidated investments in subsidiaries**

	<i>Current Period</i>	<i>Prior Period</i>
<b>Balances at Beginning of Period</b>	<b>28,945,277</b>	<b>19,862,618</b>
<b>Movements during the Period</b>	<b>18,225,240</b>	<b>9,082,659</b>
Acquisitions (*)	42,500	50,000
Bonus Shares Received	508,558	-
Dividends from Current Year Profit	9,157,712	5,335,746
Sales/Liquidations	-	-
Reclassifications	-	-
Value Increase/Decrease (**)	(827,119)	(1,298,382)
Currency Differences on Foreign Subsidiaries	9,343,589	4,995,295
Reversal of Impairment Losses / Impairment Losses (-)	-	-
<b>Balances at End of Period</b>	<b>47,170,517</b>	<b>28,945,277</b>
<b>Capital Commitments</b>	-	-
<b>Share Percentage at the End of Period (%)</b>	-	-

(\*) As of 30 September 2023, capital of Garanti Ödeme Sistemleri A.Ş. amounting to TL 56,000 has been increased to TL 98,500 through paid-in capital increase and the Parent Bank has participated in exchange for 42,500,000 shares with a nominal value of TL 1 (full amount) amounting to TL 42,500 corresponding to its share in the capital.

(\*\*) 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 (*)	47,170,517	28,945,277

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

*Sectoral distribution of consolidated investments in subsidiaries*

	<i>Current Period</i>	<i>Prior Period</i>
Banks	20,774,801	12,949,862
Insurance Companies	2,356,109	1,736,718
Factoring Companies	1,217,141	566,300
Leasing Companies	6,119,841	3,769,188
Finance Companies	-	-
Other Subsidiaries	16,702,625	9,923,209

*Quoted consolidated investments in subsidiaries*

	<i>Current Period</i>	<i>Prior Period</i>
Quoted at Domestic Stock Exchanges	1,227,861	571,718
Quoted at International Stock Exchanges	-	-

*Other information on consolidated investments in subsidiaries*

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

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

	<b>Total Assets</b>	<b>Shareholders' Equity</b>	<b>Total Fixed Assets (**)</b>	<b>Interest Income</b>	<b>Income on Securities Portfolio</b>	<b>Current Period Profit/Loss</b>	<b>Prior Period Profit/Loss</b>	<b>Company's Fair Value</b>
1	27,283,214	6,095,427	40,292	2,537,299	-	2,035,603	1,052,310	-
2	11,662,030	1,487,199	27,877	2,197,311	-	795,010	234,911	-
3	17,356,832	4,571,381	78,101	1,750,254	-	2,342,340	805,589	-
4	703,346	593,636	2,168	83,122	-	274,879	99,682	-
5	7,562,408	2,773,416	76,611	680,128	231,212	1,380,248	694,107	-
6	153,703,210	20,820,974	975,251	4,718,242	60,480	1,884,558	493,815	-
7	11,187,631	11,186,067	-	-	-	(2,108)	(1,079)	-
8	9,193,976	9,189,964	-	-	-	(3,977)	(2,539)	-
9	90,308,324	11,196,082	2,094,782	2,611,847	484,365	795,593	550,971	-
10	5,632,071	1,201,267	61,076	322,411	-	85,844	46,118	-
11	3,559,190	307,311	79,966	220,409	-	(148,037)	(21,985)	-
12	64,781	63,775	359	679	577	14,450	9,165	296.960
13	355,514	234,375	338	18,833	-	80,752	63	-

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

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

*Consolidated investments in subsidiaries disposed during the current period*

None.

*Consolidated investments in subsidiaries acquired during the current period*

None.



**5.1.12 Investments in joint-ventures (net)**

None.

**5.1.13 Tangible assets**

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

**5.1.14 Intangible assets**

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

**5.1.15 Investment property**

	<i>Current Period</i>	<i>Prior Period</i>
<b>Net Book Value at Beginning of Period</b>	<b>926,800</b>	<b>652,633</b>
Additions	2,902	7,471
Disposals	-	(70,662)
Transfers	-	(740,645)
Fair Value Change	476,141	1,078,003
Net Currency Translation Differences on Foreign Subsidiaries	-	-
<b>Net Book Value at End of Period</b>	<b>1,405,843</b>	<b>926,800</b>

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

**5.1.16 Deferred tax asset**

As of 30 September 2023, on a consolidated basis the Bank has a deferred tax asset of TL 15,349,429 (31 December 2022: TL 7,105,391) calculated as the net amount remaining after netting of tax deductible timing differences and taxable timing differences in its consolidated financial statements.

As of 30 September 2023, deferred tax assets of TL 15,419,009 (31 December 2022: TL 11,402,123) calculated on all taxable temporary differences arising between the carrying amounts and the taxable amounts of assets and liabilities on the financial statements that will be considered in the calculation of taxable earnings in the future periods and on tax losses, which is presented as netted-off in the accompanying consolidated financial statements, with a deferred tax liability of TL 69,580 (31 December 2022: TL 4,296,732).

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

	<i>Current Period</i>		<i>Prior Period</i>	
	<b>Tax Base</b>	<b>Deferred Tax Amount</b>	<b>Tax Base</b>	<b>Deferred Tax Amount</b>
Provisions (*)	4,566,870	1,376,660	4,629,242	1,146,554
Stages 1&2 Credit Losses	40,751,228	11,805,365	29,689,852	7,173,568
Differences between the Carrying Values and Taxable Values of Financial Assets (**)	(8,144,508)	(2,323,585)	(1,900,909)	(366,711)
Revaluation Differences on Real Estates (***)	6,574,621	2,576,396	(7,453,148)	(1,155,583)
Differences Between Book Value and Tax Value of Fixed Assets (***)	4,604,985	1,381,496	(213,119)	(53,280)
Other	1,788,247	533,097	1,405,627	360,843
<b>Deferred Tax Asset</b>	<b>50,141,443</b>	<b>15,349,429</b>	<b>26,157,545</b>	<b>7,105,391</b>

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

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

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

#### 5.1.17 Other Assets

	<i>Current Period</i>		<i>Prior Period</i>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Derivative Assets (Derivative Guarantees)	455,395	2,690,353	355,861	2,620,765
Receivables From Clearing Transactions	15,663,228	354,337	14,572,861	164,132
Prepaid Expenses (*)	21,623,943	202,759	18,924,354	100,637
Cash Guarantees Given	1,344,964	349,238	1,000,779	351,954
Receivables From Forward Sale of Assets	1,137	-	65,137	-
Other (**)	24,993,926	2,510,943	3,756,427	1,230,564
<b>Total</b>	<b>64,082,593</b>	<b>6,107,630</b>	<b>38,675,419</b>	<b>4,468,052</b>

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

(\*\*) As of 30 September 2023, the foreign exchange valuation differences amounting to TL 21,688,715 (31 December 2022: TL 1,867,023) calculated as of the balance sheet date related to the foreign exchange protected deposit accounts opened within the scope of the "Communiqué on Supporting the Conversion of Turkish Lira Deposit and Participation Accounts" published by the CBRT in the Official Gazette dated 21 December 2021 numbered 31696 and by the Republic of Turkey Ministry of Treasury and Finance dated 24 December 2021 are included in other assets.

## 5.2 Consolidated liabilities

### 5.2.1 Maturity profile of deposits

<i>Current Period</i>	<b>Demand</b>	<b>7 Days Notice</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-6 Months</b>	<b>6-12 Months</b>	<b>1 Year and Over</b>	<b>Accumulating Deposit Accounts</b>	<b>Total</b>
<b>Saving Deposits</b>	80,161,021	-	7,046,826	123,466,980	219,122,851	23,783,825	75,037,441	701	528,619,645
<b>Foreign Currency Deposits</b>	404,667,857	-	45,088,187	73,530,054	23,106,372	27,922,691	27,313,066	51,214	601,679,441
Residents in Turkey	329,477,186	-	19,893,316	40,692,563	7,082,767	3,896,971	2,208,039	47,616	403,298,458
Residents in Abroad	75,190,671	-	25,194,871	32,837,491	16,023,605	24,025,720	25,105,027	3,598	198,380,983
<b>Public Sector Deposits</b>	5,573,523	-	15,026	31,388	5,765	10	-	-	5,625,712
<b>Commercial Deposits</b>	62,087,012	-	43,014,871	41,792,198	48,407,785	11,085,462	19,409,832	-	225,797,160
<b>Others</b>	1,767,538	-	1,208,546	3,310,634	3,501,401	878,848	1,002,479	-	11,669,446
<b>Precious Metal Deposits</b>	60,594,487	-	-	262,207	304,092	28,090	579,153	-	61,768,029
<b>Bank Deposits(*)</b>	1,025,138	-	861,498	-	11	-	157,486	-	2,044,133
Central Bank of Turkey	17,552	-	-	-	-	-	-	-	17,552
Domestic Banks	61,041	-	400,922	-	-	-	-	-	461,963
Foreign Banks	932,893	-	460,576	-	11	-	157,486	-	1,550,966
Special Financial Institutions	13,652	-	-	-	-	-	-	-	13,652
Others	-	-	-	-	-	-	-	-	-
<b>Total(**)</b>	615,876,576	-	97,234,954	242,393,461	294,448,277	63,698,926	123,499,45	51,915	1,437,203,566

<i>Prior Period</i>	<b>Demand</b>	<b>7 Days Notice</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-6 Months</b>	<b>6-12 Months</b>	<b>1 Year and Over</b>	<b>Accumulating Deposit Accounts</b>	<b>Total</b>
<b>Saving Deposits</b>	58,794,730	-	8,165,910	178,461,243	6,114,011	3,510,353	16,198,229	686	271,245,162
<b>Foreign Currency Deposits</b>	275,382,023	-	35,381,216	81,574,753	13,671,756	17,805,081	15,042,688	43,513	438,901,030
Residents in Turkey	219,165,200	-	21,315,294	63,310,869	5,315,819	3,728,622	2,640,308	42,784	315,518,896
Residents in Abroad	56,216,823	-	14,065,922	18,263,884	8,355,937	14,076,459	12,402,380	729	123,382,134
<b>Public Sector Deposits</b>	3,155,441	-	14,677	22,606	814	9	-	-	3,193,547
<b>Commercial Deposits</b>	50,399,426	-	40,558,802	36,000,761	2,170,320	6,744,576	5,165,713	-	141,039,598
<b>Others</b>	905,434	-	730,655	2,489,086	2,311,118	744,246	1,420,901	-	8,601,440
<b>Precious Metal Deposits</b>	42,187,783	-	-	732,265	268,913	81,233	659,280	-	43,929,474
<b>Bank Deposits(*)</b>	913,859	-	799,301	13,962	-	-	102,086	-	1,829,208
Central Bank of Turkey	3,410	-	-	-	-	-	-	-	3,410
Domestic Banks	20,836	-	517,038	-	-	-	-	-	537,874
Foreign Banks	873,118	-	282,263	13,962	-	-	102,086	-	1,271,429
Special Financial Institutions	16,495	-	-	-	-	-	-	-	16,495
Others	-	-	-	-	-	-	-	-	-
<b>Total(**)</b>	431,738,696	-	85,650,561	299,294,676	24,536,932	28,885,498	38,588,897	44,199	908,739,459

(\*) Includes Interbank precious metal accounts.

(\*\*) As of 30 September 2023, the Bank has a total of TL 415,509,308 (31 December 2021: TL 168,381,687) foreign exchange-protected deposit instrument of which TL 311,533,617 (31 December 2022: TL 116,671,627) within the scope of the "Communiqué on Supporting the Conversion of Turkish Lira Deposit and Participation Accounts" published by the CBRT in the Official Gazette dated 21 December 2021 and numbered 31696, TL 103,975,691 (31 December 2022: TL 51,710,062) opened within the scope of the announcement of the Ministry of Treasury and Finance ("Treasury") dated 24 December 2021. Foreign exchange revaluation differences amounting to TL 21,688,715 (31 December 2022: TL : 1,867,023) regarding the foreign exchange-protected deposit instrument calculated as of the balance sheet date are included in deposits.

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

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

Saving Deposits	Covered by Deposit Insurance Over Deposit Insurance Limit(*)		Over Deposit Insurance Limit	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	142,818,876	86,399,007	366,092,424	182,675,592
Foreign Currency Saving Deposits	169,575,249	98,923,923	216,202,067	175,471,602
Other Saving Deposits	33,724,272	18,354,267	25,823,118	24,026,437
Foreign Branches' Deposits Under Foreign Insurance Coverage	2,146,108	1,472,283	2,465,908	1,759,315
Off-Shore Branches' Deposits Under Foreign Insurance Coverage	-	-	-	-

Commercial Deposits (**)	Covered by Deposit Insurance Over Deposit Insurance Limit(*)		Over Deposit Insurance Limit	
	Current Period	Prior Period	Current Period	Prior Period
Commercial Deposits	29,464,246	18,562,770	213,790,138	129,017,685
Foreign Currency Commercial Deposits	12,963,801	10,317,394	196,618,570	171,532,282
Other Commercial Deposits	154,347	76,244	1,963,461	1,382,546
Foreign Branches' Deposits Under Foreign Insurance Coverage	-	-	-	-
Off-Shore Branches' Deposits Under Foreign Insurance Coverage	-	-	-	-

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

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

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

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

#### 5.2.1.3 Deposits not covered by insurance limits

Saving Deposits	Current Period	Prior Period
Deposits and Other Accounts held at Foreign Branches	1,781,676	1,048,098
Deposits and Other Accounts held by Shareholders and their Relatives	-	-
Deposits and Other Accounts of the Chairman and Members of Board of Directors, Chief Executive Officer, Senior Executive Officers and their Relatives	376,711	5,527,069
Deposits and Other Accounts held as Assets subject to the Crime defined in the Article 282 of the Turkish Criminal Code No. 5237 dated 26 September 2004	-	-
Deposits at Depository Banks established for Off-Shore Banking Activities in Turkey	-	-

Commercial Deposits	Current Period	Prior Period
Deposits and Other Accounts held at Foreign Branches	9,255,879	6,975,598
Deposits and Other Accounts held by Main Shareholder with Qualified Shareholders and Corporates Under Their Control	12,844,836	3,308,311
Official Institutions Deposits and Other Accounts	58,433,419	3,271,941
Credit and Financial Institutions Deposits	4,084,054	37,589,841

## 5.2.2 Funds borrowed

Information on funds borrowed is as follows;

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	-	-
Domestic Banks and Institutions	5,005,667	3,979,159	5,920,614	1,527,063
Foreign Banks, Institutions and Funds	-	46,711,960	38,731	38,370,315
<b>Total</b>	<b>5,005,667</b>	<b>50,691,119</b>	<b>5,959,345</b>	<b>39,897,378</b>

### 5.2.2.1 Maturities of funds borrowed

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Short-Term	2,741,211	7,140,019	3,528,280	3,641,334
Medium and Long-Term	2,264,456	43,551,100	2,431,065	36,256,044
<b>Total</b>	<b>5,005,667</b>	<b>50,691,119</b>	<b>5,959,345</b>	<b>39,897,378</b>

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

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

## 5.2.3 Money market funds

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

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
<b>Domestic Transactions</b>	<b>253,152</b>	<b>38,527,096</b>	<b>119,365</b>	<b>14,873,679</b>
Financial Institutions and Organizations	694	37,693,476	-	10,278,030
Other Institutions and OrganizationsH	69,036	833,620	50,401	3,121,198
Individuals	183,422	-	68,964	1,474,451
<b>Foreign Transactions</b>	<b>913</b>	<b>5,292,397</b>	<b>357</b>	<b>7,618,017</b>
Financial Institutions and Organizations	-	5,292,397	-	7,618,017
Other Institutions and Organizations	315	-	235	-
Individuals	598	-	122	-
<b>Total</b>	<b>254,065</b>	<b>43,819,493</b>	<b>119,722</b>	<b>22,491,696</b>

## 5.2.4 Securities issued

<i>Current Period</i>	TL		FC	
	Short-Term	Medium and Long-Term	Short-Term	Medium and Long-Term
Nominal	376,984	990,320	799,242	8,809,681
Cost	322,077	990,320	799,242	8,793,370
Carrying Value (*)	350,754	151,671	816,496	9,075,124

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

(\*) The Bank and/or its financial subsidiaries repurchased the Bank's own TL securities with a total face value of TL 1,057,196 (31 December 2022: TL 1,346,780 and USD 50,335,000) and netted off such securities in the accompanying consolidated financial statements.

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

	<i>Current Period</i>		<i>Prior Period</i>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Securities Issued	-	44,225,879	-	32,020,818
<b>Total</b>	<b>-</b>	<b>44,225,879</b>	<b>-</b>	<b>32,020,818</b>

In accordance with TFRS 9, the Bank classified a part of borrowings obtained through securitisations amounting to USD 1,682,437,500 (31 December 2022: USD 1,788,035,714) as financial liability at fair value through profit/loss at the initial recognition in order to eliminate the accounting mismatch.

As of 30 September 2023, the accumulated fair value change of the related financial liability amounted to TL 2,228,749 (31 December 2022: TL 1,919,509) and the corresponding gain/loss recognised in the statement of profit/loss amounted to TL 309,240 (30 September 2022 : (1,849,545) TL). The carrying value of the related financial liability amounted to TL 44,225,879 (31 December 2022: TL 32,020,818).

## 5.2.6 Derivative financial liabilities

### 5.2.6.1 Negative differences on derivative financial liabilities measured at FVTPL

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

	<i>Current Period</i>		<i>Prior Period</i>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Forward Transaction	1,237,673	175,458	451,058	15,650
Swap Transactions	5,444,066	8,335,653	4,158,675	5,387,221
Futures	-	1,246	-	-
Options	177,455	191,969	344,980	557,804
Others	-	2,383	-	366
<b>Total</b>	<b>6,859,194</b>	<b>8,706,709</b>	<b>4,954,713</b>	<b>5,961,041</b>

### 5.2.6.2 Derivative financial liabilities held for hedging purpose

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

<b>Derivative Financial Liabilities Held for Hedging Purpose</b>	<i>Current Period</i>		<i>Prior Period</i>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Fair Value Hedges	-	32,295	-	-
Cash Flow Hedges	109,335	24,836	29,731	6,875
Net Foreign Investment Hedges	-	-	-	-
<b>Total</b>	<b>109,335</b>	<b>57,131</b>	<b>29,731</b>	<b>6,875</b>

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

## 5.2.7 Factoring payables

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

## 5.2.8 Lease payables

### 5.2.8.1 Operational lease agreements

	<i>Current Period</i>		<i>Prior Period</i>	
	<b>Gross</b>	<b>Net</b>	<b>Gross</b>	<b>Net</b>
Less than 1 Year	809,779	593,249	570,670	426,463
Between 1-5 Years	1,657,977	1,236,158	1,082,587	795,549
Longer than 5 Years	449,702	313,661	343,377	237,238
<b>Total</b>	<b>2,917,458</b>	<b>2,143,068</b>	<b>1,996,634</b>	<b>1,459,250</b>

As of 30 September 2023, the weighted average of the incremental borrowing interest rates applied to TL, EUR, USD and RON lease liabilities presented in the statement of financial position of the Group are 23.8%, 2.5%, 3.2% and 6.1% (31 December 2022: 20.3%, 1.8%, 3.8% and 5.1%) respectively.

## 5.2.9 Provisions

### 5.2.9.1 Reserve for employee severance indemnity

	<i>Current Period</i>	<i>Prior Period</i>
<b>Balances at Beginning of Period</b>	<b>2,044,320</b>	<b>948,873</b>
Provision for the Period	533,243	313,907
Actuarial Gain/Loss	276,795	902,540
Payments During the Period	(1,242,120)	(121,000)
<b>Balances at End of Period</b>	<b>1,612,238</b>	<b>2,044,320</b>

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

None (31 December 2022: None).

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

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

### 5.2.9.4 Other provisions

	<i>Current Period</i>	<i>Prior Period</i>
Reserve for Employee Benefits	3,262,721	3,753,228
Insurance Technical Provisions, Net	3,562,043	2,270,524
Provision for Promotion Expenses of Credit Cards	873,265	539,822
Provision for Lawsuits	648,087	564,017
Provision for Non-Cash Loans	9,016,626	5,795,082
Other Provisions <sup>(*)</sup>	3,493,999	8,553,728
<b>Total</b>	<b>20,856,741</b>	<b>21,476,401</b>

<sup>(\*)</sup> Includes total general reserve of total TL 3,000,000 (Prior period: TL 8,000,000)

*Recognized Liability for Defined Benefit Plan Obligations*

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

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

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

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

	<i>Current Period</i>	<i>Prior Period</i>
<b>Balance at Beginning of Period</b>	-	-
Actual contributions paid during the period	(653,029)	(445,647)
Total expense recognized in the income statement	696,084	116,594
Amount recognized in the shareholders’ equity	(43,055)	329,053
<b>Balance at End of Period</b>	-	-

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

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

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



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

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

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

## 5.2.10 Tax liability

### 5.2.10.1 Current tax liability

#### 5.2.10.1.1 Tax liability

As of 30 September 2023, the corporate tax liability amounts to TL 7,774,480 (31 December 2022 : TL 6,759,609) after offsetting with prepaid taxes. If the differences arising between the book value and the tax base value of the assets subject to the current tax liability are related to the shareholders' equity account group, the current tax asset or liability is netted off by the relevant accounts in this group.

As of 30 September 2023, TL 17,368,796 of total current period tax expense amounting to TL 18,269,828 ( 30 September 2022: TL 7,593,236) has been classified in the statement of profit or loss and TL 901,032 (31 December 2022: TL 2,969,029) has been classified in equity.

#### 5.2.10.1.2 Taxes payable

	Current Period	Prior Period
Corporate Taxes Payable	7,774,480	6,759,609
Taxation on Securities Income	800,519	136,594
Taxation on Real Estates Income	10,584	7,199
Banking Insurance Transaction Tax	1,288,983	641,445
Foreign Exchange Transaction Tax	40,890	52,022
Value Added Tax Payable	150,819	120,569
Others	439,069	267,212
<b>Total</b>	<b>10,505,344</b>	<b>7,984,650</b>

#### **5.2.10.1.3 Premiums payable**

	<i>Current Period</i>	<i>Prior Period</i>
Social Security Premiums-Employees	32,005	26,692
Social Security Premiums-Employer	31,546	18,050
Bank Pension Fund Premium-Employees	415	732
Bank Pension Fund Premium-Employer	527	1,160
Pension Fund Membership Fees and Provisions-Employees	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Unemployment Insurance-Employees	9,023	5,899
Unemployment Insurance-Employer	21,508	13,018
Others	260	126
<b>Total</b>	<b>95,284</b>	<b>65,677</b>

#### **5.2.10.2 Deferred tax liability**

As of 30 September 2023, the deferred tax liability amounts to TL 142,728 (31 December 2022: TL 197,828).

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

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

#### **5.2.12 Subordinated debts**

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

#### **5.2.13 Other liabilities**

	<i>Current Period</i>		<i>Prior Period</i>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Payables from credit card transactions	51,424,421	770,306	37,106,273	339,001
Payables from clearing transactions	12,277,442	208,263	10,954,242	146,936
Other	7,167,472	16,871,790	4,020,483	11,981,135
<b>Total</b>	<b>70,869,335</b>	<b>17,850,359</b>	<b>52,080,998</b>	<b>12,467,072</b>

#### **5.2.14 Shareholders' equity**

##### **5.2.14.1 Paid-in capital**

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

##### **5.2.14.2 Registered share capital system**

<b>Capital System</b>	<b>Paid-in Capital</b>	<b>Ceiling per Registered Share Capital</b>
Registered Shares	4,200,000	10,000,000

##### **5.2.14.3 Capital increases in current period**

None.

**5.2.14.4 Capital increases from capital reserves in current period**

None.

**5.2.14.5 Capital commitments for current and future financial periods**

None.

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

None.

**5.2.14.7 Information on privileges given to stocks representing the capital**

None.

**5.2.14.8 Securities value increase fund**

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

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Investments in Associates, Subsidiaries and Joint-Ventures</b>	-	-	-	-
Valuation Difference	-	-	-	-
Exchange Rate Difference	-	-	-	-
<b>Financial Assets Measured at Fair Value through Other Comprehensive Income</b>	<b>9,000,838</b>	<b>(1,088,513)</b>	<b>10,324,176</b>	<b>(1,149,811)</b>
Valuation Difference	8,277,809	(1,088,513)	9,995,275	(1,149,811)
Exchange Rate Difference	723,029	-	328,901	-
<b>Total</b>	<b>9,000,838</b>	<b>(1,088,513)</b>	<b>10,324,176</b>	<b>(1,149,811)</b>

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Movables	942,936	133,109	460,912	10,897
Real Estates	12,574,754	269,294	5,217,003	188,141
Defined Benefit Plans' Actuarial Gains/Losses	(1,432,254)	-	(1,315,532)	-
Other	-	-	-	-
<b>Total</b>	<b>12,085,436</b>	<b>402,403</b>	<b>4,362,383</b>	<b>199,038</b>

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

	Current Period	Prior Period
Bankalararası Kart Merkezi A.Ş.	5,782	5,782
Yeni Gimat Gayrimenkul Yatırım Ortaklığı A.Ş.	860	860
JCR Avrasya Derecelendirme A.Ş.	1,399	828
İhracatı Geliştirme A.Ş.	536	536
Kredi Kayıt Bürosu A.Ş.	481	481
Kömür İşletmeleri A.Ş.	295	145
Doğuş Gayrimenkul Yatırım Ortaklığı A.Ş.	22	22
Yatırım Finansman Menkul Değerler A.Ş.	9	9
Dati Yatırım Holding A.Ş.	7	7
<b>Total</b>	<b>9,391</b>	<b>8,670</b>

**5.2.14.11 Legal reserves**

	<i>Current Period</i>	<i>Prior Period</i>
I. Legal Reserve	1,626,482	1,432,779
II. Legal Reserve	1,667,568	672,337
Special Reserves	54,135	37,833
<b>Total</b>	<b>3,348,185</b>	<b>2,142,949</b>

**5.2.14.12 Extraordinary and other profit reserves**

	<i>Current Period</i>	<i>Prior Period</i>
Legal Reserves allocated in compliance with the Decisions Made on the Annual General Assembly	111,231,939	61,639,835

**5.2.14.13 Minority interest**

	<i>Current Period</i>	<i>Prior Period</i>
<b>Balance at Beginning of Period</b>	<b>484,735</b>	<b>319,516</b>
Profit Share of Subsidiaries Net Profits	366,504	224,928
Prior Period Dividend Payment	(98,064)	(60,347)
Increase/(Decrease) in Minority Interest due to Sales	-	-
Others	(302)	638
<b>Balance at End of Period</b>	<b>752,873</b>	<b>484,735</b>

### 5.3 Consolidated off-balance sheet items

#### 5.3.1 Off-balance sheet contingencies

##### 5.3.1.1 Irrevocable credit commitments

The Bank and its consolidated financial subsidiaries have term asset purchase and sale commitments of TL 30,301,183 (31 December 2022: TL 18,318,399), commitments for cheque payments of TL 9,499,248 (31 December 2022: TL 5,515,488) and commitments for credit card limits of TL 399,203,593 (31 December 2022: TL 140,164,003).

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

	Current Period	Prior Period
Letters of Guarantee in Foreign Currency	127,077,189	84,083,930
Letters of Guarantee in TL	183,160,238	103,006,476
Letters of Credit	45,527,535	35,059,723
Bills of Exchange and Acceptances	6,539,322	3,918,563
Endorsements	11,529,275	5,653,771
Other Guarantees	1,651,704	646,094
<b>Total</b>	<b>375,485,263</b>	<b>232,368,557</b>

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

Current Period	Stage 1	Stage 2	Stage 3	Total
<b>Balances at Beginning of Period</b>	<b>1,092,246</b>	<b>2,927,503</b>	<b>1,775,333</b>	<b>5,795,082</b>
Additions during the Period (+)	1,814,058	4,272,337	86,326	6,172,721
Disposal (-)	(2,237,281)	(1,746,702)	(455,244)	(4,439,227)
Sales	-	-	-	-
Write-off	-	-	-	-
Transfer to Stage 1	1,087,368	(1,085,932)	(1,436)	-
Transfer to Stage 2	(228,380)	317,935	(89,555)	-
Transfer to Stage 3	(276)	(17,341)	17,617	-
Foreign Currency Differences	78,944	738,731	670,375	1,488,050
<b>Balances at End of Period</b>	<b>1,606,679</b>	<b>5,406,531</b>	<b>2,003,416</b>	<b>9,016,626</b>

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

Lifetime expected credit loss (Stage 3) of TL 3,199,278 (31 December 2022: TL 2,513,865) is made for unliquidated non-cash loans of TL 2,003,416 (31 December 2022: TL 1,759,925) recorded under the off-balance sheet items.

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

**5.3.1.3 Non-cash loans**

	<i>Current Period</i>	<i>Prior Period</i>
Non-Cash Loans against Cash Risks	73,524,262	39,122,899
<i>With Original Maturity of 1 Year or Less</i>	10,966,645	6,399,588
<i>With Original Maturity of More Than 1 Year</i>	62,557,617	32,723,311
Other Non-Cash Loans	301,961,001	193,245,658
<b>Total</b>	<b>375,485,263</b>	<b>232,368,557</b>

**5.3.1.4 Other information on non-cash loans**

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

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

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

**5.3.2 Financial derivative instruments**

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

**5.3.3 Credit derivatives and risk exposures on credit derivatives**

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

**5.3.4 Contingent liabilities and assets**

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

**5.3.5 Services rendered on behalf of third parties**

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

## 5.4 Consolidated statement of profit or loss

### 5.4.1 Interest income

#### 5.4.1.1 Interest income from loans <sup>(\*)</sup>

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
<b>Interest Income from Loans</b>				
Short-term loans	47,216,343	8,383,073	25,251,558	2,517,405
Medium and long-term loans	30,852,022	13,889,452	23,402,805	7,745,345
Loans under follow-up	879,609	62,606	572,340	24,626
Interest Received from Resource Utilization Support Fund	-	-	-	-
<b>Total</b>	<b>78,947,974</b>	<b>22,335,131</b>	<b>49,226,703</b>	<b>10,287,376</b>

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

#### 5.4.1.2 Interest income from banks

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Central Bank of Turkey	385,181	45,751	-	3,692
Domestic Banks	394,569	145	133,459	114
Foreign Banks	5,819	2,474,520	3,681	227,085
Foreign Head Offices and Branches	-	-	-	-
<b>Total</b>	<b>785,569</b>	<b>2,520,416</b>	<b>137,140</b>	<b>230,891</b>

#### 5.4.1.3 Interest income from securities portfolio

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Financial Assets Measured at Fair Value through Profit or Loss	263,290	66,768	130,948	33,277
Financial Assets Measured at Fair Value through Other Comprehensive Income	12,129,186	1,019,514	10,796,506	796,392
Financial Assets Measured at Amortised Cost	16,516,420	2,906,201	10,549,576	1,533,262
<b>Total</b>	<b>28,908,896</b>	<b>3,992,483</b>	<b>21,477,030</b>	<b>2,362,931</b>

As disclosed in the accounting policies, the Bank values CPI-indexed government bonds in its securities portfolio according to the reference index on the issue date and the index that is calculated according to the expected inflation rate. The inflation rate used during the valuation is being updated during the year when it is considered necessary. As of 30 September 2023, the valuation of such securities has been calculated according to the annual inflation forecast of 55%. In case the CPI forecast increases or decreases by 1%, profit before taxes as of 30 September 2023 will increase or decrease by approximately TL 239,587.

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

	<i>Current Period</i>	<i>Prior Period</i>
Interest Received from Investments in Associates and Subsidiaries	539,696	48,754

## 5.4.2 Interest expenses

### 5.4.2.1 Interest expenses on funds borrowed <sup>(\*)</sup>

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Banks</b>	<b>886,630</b>	<b>876,639</b>	<b>452,347</b>	<b>420,263</b>
Central Bank of Turkey	-	-	-	-
Domestic Banks	834,974	100,365	440,736	109,175
Foreign Banks	51,656	776,274	11,611	311,088
Foreign Head Offices and Branches	-	-	-	-
<b>Other Institutions</b>	<b>-</b>	<b>2,808,717</b>	<b>-</b>	<b>1,088,321</b>
<b>Total</b>	<b>886,630</b>	<b>3,685,356</b>	<b>452,347</b>	<b>1,508,584</b>

(\*) Also includes fees and commissions expenses on borrowings.

### 5.4.2.2 Interest expenses paid to associates and subsidiaries

	Current Period	Prior Period
Interest Paid to Investments in Associates and Subsidiaries	36,181	8,786

### 5.4.2.3 Interest expenses on securities issued

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

### 5.4.2.4 Maturity structure of interest expense on deposits

Current Period	Demand Deposits	Time Deposits						Total
		Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year	Accumulating Deposit Accounts	
<b>Turkish Lira</b>								
Bank Deposits	1,484	109,783	-	-	-	-	-	111,267
Saving Deposits	4,272	534,024	32,022,964	11,419,316	691,677	4,125,838	-	48,798,091
Public Sector Deposits	-	1,418	7,306	11,396	-	-	-	20,120
Commercial Deposits	331	6,150,579	10,417,464	2,760,975	484,097	904,293	-	20,717,739
Others	-	71,050	1,180,859	359,575	82,755	63,833	-	1,758,072
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
<b>Total TL</b>	<b>6,087</b>	<b>6,866,854</b>	<b>43,628,593</b>	<b>14,551,262</b>	<b>1,258,529</b>	<b>5,093,964</b>	<b>-</b>	<b>71,405,289</b>
<b>Foreign Currency</b>								
Foreign Currency Deposits	360,445	1,617,550	869,126	477,678	238,305	109,627	138	3,672,869
Bank Deposits	4,088	14,721	8,101	890	-	136	-	27,936
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	-	-	-	8,028	-	8,028
<b>Total FC</b>	<b>364,533</b>	<b>1,632,271</b>	<b>877,227</b>	<b>478,568</b>	<b>238,305</b>	<b>117,791</b>	<b>138</b>	<b>3,708,833</b>
<b>Grand Total</b>	<b>370,620</b>	<b>8,499,125</b>	<b>44,505,820</b>	<b>15,029,830</b>	<b>1,496,834</b>	<b>5,211,755</b>	<b>138</b>	<b>75,114,122</b>



Prior Period	Demand Deposits	Time Deposits						Total
		Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year	Accumulating Deposit Accounts	
Turkish Lira								
Bank Deposits	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	1,534,092	1,485,191	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

#### 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)

	Current Period	Prior Period
<b>Income</b>	<b>330,661,297</b>	<b>242,727,406</b>
Trading Account Income	4,611,309	5,218,373
Derivative Financial Instruments	31,572,755	36,850,128
Foreign Exchange Gain	294,477,233	200,658,905
<b>Losses (-)</b>	<b>304,438,060</b>	<b>234,458,704</b>
Trading Account Losses	1,837,266	1,066,336
Derivative Financial Instruments	45,828,254	58,417,509
Foreign Exchange Losses	256,772,540	174,974,859
<b>Total</b>	<b>26,223,237</b>	<b>8,268,702</b>

TL 5,070,295 (30 September 2022: TL 15,346,210) of foreign exchange gains and TL 2,381,989 (30 September 2022: TL 6,020,449) of foreign exchange losses are resulted from the exchange rate changes of derivative transactions.

#### 5.4.5 Other operating income

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

	<i>Current Period</i>	<i>Prior Period</i>
<b>Prior Year Reversals</b>	<b>21,476,217</b>	<b>8,779,417</b>
Stage 1	8,458,769	4,433,285
Stage 2	3,997,198	2,069,921
Stage 3	3,579,296	2,058,610
Others (*)	5,440,954	217,601
<b>Income from term sale of assets</b>	<b>535,662</b>	<b>438,550</b>
<b>Others (**)</b>	<b>5,545,171</b>	<b>3,605,813</b>
<b>Total</b>	<b>27,557,050</b>	<b>12,823,780</b>

(\*) In the current period, general reserve for possible risks amounting to TL 5,000,000 has been reversed.

(\*\*) Premium income from insurance business amounting to TL3,576,277 (30 September 2022: TL 1,789,573) which is included in other operating income in the accompanying financial statements is presented in “others” line item.

#### 5.4.6 Expected credit losses and other provisions

	<i>Current Period</i>	<i>Prior Period</i>
<b>Expected Credit Losses</b>	<b>29,736,893</b>	<b>19,703,374</b>
<i>12-Month ECL (Stage 1)</i>	6,713,170	4,424,252
<i>Significant Increase in Credit Risk (Stage 2)</i>	17,530,039	10,310,417
<i>Impaired Credits (Stage 3)</i>	5,493,684	4,968,705
<b>Other Provisions</b>	<b>245,430</b>	<b>2,923,057</b>
Impairment Losses on Securities	-	285,583
<i>Financial Assets Measured at Fair Value through Profit or Loss</i>	-	285,583
<i>Financial Assets Measured at Fair Value through Other Comprehensive Income</i>	-	-
Impairment Losses on Associates, Subsidiaries and Joint-ventures	-	-
<i>Associates</i>	-	-
<i>Subsidiaries</i>	-	-
<i>Joint-ventures (business partnership)</i>	-	-
Others	245,430	2,637,474
<b>Total</b>	<b>29,982,323</b>	<b>22,626,431</b>

#### 5.4.7 Other operating expenses

	<i>Current Period</i>	<i>Prior Period</i>
Reserve for Employee Termination Benefits	529,770	196,100
Defined Benefit Plan Obligations	-	-
Impairment Losses on Tangible Assets	-	868
Depreciation Expenses of Tangible Assets	774,976	373,493
Impairment Losses on Intangible Assets	-	-
Impairment Losses on Goodwill	-	-
Amortisation Expenses of Intangible Assets	297,978	209,811
Decrease in Value of Equity Accounting Shares	-	-
Impairment Losses on Assets to be Disposed	-	-
Depreciation Expenses of Right-of-use Assets	472,098	305,432
Impairment Losses on Assets Held for Sale and Discontinued Assets	715	1,983
Other Operating Expenses	16,829,676	7,502,483
<i>Operational Lease related Expenses (*)</i>	275,401	184,889
<i>Repair and maintenance expenses</i>	242,782	135,100
<i>Advertisement expenses</i>	733,200	292,045
<i>Other expenses (**)</i>	15,578,293	6,890,449
Loss on Sale of Assets	136	16,219
Others (***)	5,341,278	2,567,216
<b>Total</b>	<b>24,246,627</b>	<b>11,173,605</b>

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

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

(\*\*\*) Includes Saving Deposits Insurance Fund related expenses of TL 1,737,456 (30 September 2022: TL 921,744) and insurance- business claim losses of TL 1,876,936 (30 September 2022: TL 830,723) in the current period.

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

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

#### 5.4.9 Information on provision for taxes for continued and discontinued operations

As of 30 September 2023, on a consolidated basis, the Bank recorded a current tax expense of TL 18,269,828 (30 September 2022: TL 13,442,219) and a deferred tax income of TL 2,814,088 (30 September 2022: TL 1,403,029).

There is no amount from discontinued operations.

*Deferred tax benefit/charge on timing differences*

<b>Deferred tax (benefit)/charge on timing differences</b>	<i>Current Period</i>	<i>Prior Period</i>
Increase in Tax Deductible Timing Differences (+)	(8,316,708)	(4,324,246)
Decrease in Tax Deductible Timing Differences (-)	1,732,716	1,780,960
Increase in Taxable Timing Differences (-)	4,021,762	3,035,041
Decrease in Taxable Timing Differences (+)	(251,858)	(1,894,784)
<b>Total</b>	<b>(2,814,088)</b>	<b>(1,403,029)</b>

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

<b>Deferred tax (benefit)/charge arising on timing differences, tax losses and tax deductions and exemptions</b>	<b><i>Current Period</i></b>	<b><i>Prior Period</i></b>
(Increase)/Decrease in Tax Deductible Timing Differences (net)	(6,583,992)	(2,543,286)
(Increase)/Decrease in Taxable Timing Differences (net)	3,769,904	1,140,257
(Increase)/Decrease in Tax Losses (net)	-	-
(Increase)/Decrease in Tax Deductions and Exemptions (net)	-	-
<b>Total</b>	<b>(2,814,088)</b>	<b>(1,403,029)</b>

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

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

#### **5.4.11 Net profit/loss**

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

None.

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

None.

##### **5.4.11.3 Minority interest’s profit/loss**

	<b><i>Current Period</i></b>	<b><i>Prior Period</i></b>
Net Profit/(Loss) of Minority Interest	366,504	156,246

#### **5.4.12 Components of other items in income statement**

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

#### **5.5 Consolidated statement of changes in shareholders’ equity**

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

#### **5.6 Consolidated statement of cash flows**

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

## 5.7 Related party risks

### 5.7.1 Transactions with Parent Bank's risk group;

#### 5.7.1.1 Loans and other receivables

##### Current Period:

Bank's Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Balance at beginning of period	1,404,085	35,317	575,562	2,805,182	47,629	18,802
Balance at end of period	5,012,197	80,095	241,089	3,606,612	295,544	49,691
Interest and Commission Income	542,647	-	14,563	-	9,076	-

##### Prior Period:

Bank's Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Balance at beginning of period	630,311	24,142	880,147	1,817,495	87,503	194,549
Balance at end of period	1,404,085	35,317	575,562	2,805,182	47,629	18,802
Interest and Commission Income	51,141	21	47,074	-	3,951	-

#### 5.7.1.2 Deposits

Bank's Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Balance at beginning of period	242,109	135,477	33,165	31,849	6,531,682	7,101,109
Balance at end of period	1,360,429	242,109	89,770	33,165	8,508,240	6,531,682
Interest Expenses	44,972	8,786	5,104	50	1,252,117	779,940

#### 5.7.1.3 Derivative transactions

Bank's Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Transactions at Fair Value Through Profit/(Loss)						
Balance at beginning of period	341,250	50,000	57,431,194	43,176,984	-	-
Balance at end of period	10,416,381	341,250	74,027,672	57,431,194	-	-
Total Profit/(Loss)	167	(967)	752,497	59,836	-	-
Transactions for Hedging						
Balance at beginning of period	-	-	-	220,100	-	-
Balance at end of period	-	-	-	-	-	-
Total Profit/(Loss)	-	-	-	(3,048)	-	-

## 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 4,765,257 (31 December 2022: TL 1,362,913) compose 0.44% (31 December 2022: 0.18%) of the Bank's total consolidated cash loans and 0.20% (31 December 2022: 0.10%) of the Bank's total consolidated assets. The total loans and similar receivables amounting TL 5,548,830 (31 December 2022: TL 2,027,276) compose 0.28% (31 December 2022: 0.16%) of the Bank's total consolidated assets. The non-cash loans of the risk group amounting TL 3,736,398 (31 December 2022: TL 2,859,301) compose 1.00% (31 December 2022: 1.23%) of the Bank's total consolidated non-cash loans. The deposits of the risk group amounting TL 9,958,439 (31 December 2022: TL 6,806,956) compose 0.69% (31 December 2022: 0.76%) of the Bank's total consolidated deposits. There are no funds borrowed by the Bank and its consolidated financial subsidiaries from their risk group of the Bank's total consolidated funds borrowed. The pricing in transactions with the risk group companies is set on an arm's-length basis.

A total rent income of TL 2,832 (30 September 2022: TL 3,911) was recognized for the real estates rented to the related parties.

Other income of TL 18,004 (30 September 2022: TL 5,966) for the IT services rendered and banking services fee income of TL 18,742 (30 September 2022: TL 5,079) were recognized from the related parties.

Operating expenses of TL 63,714 (30 September 2022: TL 59,396) 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 327,547 as of 30 September 2023 (30 September 2022: TL 186,933).

### 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 (August 2023)**

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

##### **FITCH RATINGS (September 2023)**

Long-Term FC	B- / Stable Outlook
Short-Term FC	B
Long-Term TL	B / Stable 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 2023)**

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

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

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

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

(\*) Latest date in risk ratings or outlooks

**5.10.1.3 International risk ratings of Garanti Faktoring, a consolidated subsidiary**

**FITCH RATINGS (September 2023) (\*)**

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

(\*) Latest date in risk ratings or outlooks

**5.10.1.4 International risk ratings of Garanti Leasing, a consolidated subsidiary**

**FITCH RATINGS (September 2023) (\*)**

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

(\*) Latest date in risk ratings or outlooks



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

**FITCH RATINGS (December 2022) (\*)**

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

(\*) Latest date in risk ratings or outlooks

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

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

Long-Term International FC	BB-
Long-Term International TL	BB-
Short-Term NSR	J1+(tr) (Stable)
Long-Term NSR	AAA (tr) (Stable)

(\*) Latest date in risk ratings or outlooks

**5.10.2 Dividends**

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

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

**5.10.3 Other disclosures**

None.

## **6 Limited Review Report**

### **6.1 Disclosure on limited review report**

The consolidated financial statements of the Bank and its financial subsidiaries as of 30 September 2023, have been reviewed Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş (a member firm of Ernst&Young Global Limited) and a limited review report dated 30 October 2023, is presented before the accompanying consolidated financial statements.

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

None.

## 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 2023. Based on the consolidated financials, the Bank's **net income** in the first 9 months of the year recorded as TL 57 billion 583 million 994 thousand. **Asset size** realized at TL 1 trillion 976 billion 326 million 993 thousand and the Bank's contribution to the economy through cash and non-cash **loans** was TL 1 trillion 445 billion 386 million 493 thousand. Actively managing the funding base, customer deposits continued to be the main funding source with 73% share in the total funding base. Customer deposit base reached to TL 1 trillion 435 billion 159 million 433 thousand with 58% growth in the first 9 months of the year. Preserving the strong capital stance, Bank's capital adequacy ratio was realized at 16.5%\*. The Bank delivered an **ROAE** (Return on Average Equity) of 41.1%\*\* and an **ROAA** (Return on Average Assets) of 4.5%\*\*.

\*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 this period while we take pride in celebrating the 100th anniversary of our Republic, Türkiye is an irreplaceable economic force with its strategic geopolitical position that brings unmatched trade benefits, young workforce and significant investments in infrastructure. We closely follow the steps taken by the new economic administration in the process of economic normalization and believe that their committed actions will have a positive impact on economic rebalancing. As the banking sector, we play a crucial role in the economy. With this awareness, we actively manage our balance sheet while considering the country's dynamics and strive to create maximum value for all our stakeholders. In the first nine months of the year, ROE reached 41%, yet the key factor that differentiates us in profitability is that a significant portion is customer driven, making this income sustainable.

On the occasion of the 100th anniversary of the Republic of Türkiye, while we pay our respects to the past, we continue to look to the future with hope and strive to create value for all our stakeholders and our country. We measure the value we create not only in terms of economic development but also by our contributions to the environment, society, and technology, and we act with this awareness. Garanti BBVA is today a leader among banks in terms of brand power, with leadership in TL loans, TL customer deposits, credit cards, and consumer loans. Our Bank has been ranked number #1 among the financial institutions where young people most want to work. In addition to influencing decision-makers in combating climate crisis, we are also bringing sustainability to the forefront of the sector's agenda. Garanti BBVA has become the first bank in Turkey to announce that it will not finance coal and coal-related activities. The bank will minimize the risks associated with its existing coal activities by 2030 and exit this sector completely by no later than 2040.

As we enter the second century of our Republic, Garanti BBVA will continue to support the Turkish economy, promote innovation, and empower all our stakeholders."

**Commenting on the topic, Garanti BBVA CEO Recep Baştuğ** said: "The third quarter of 2023 has been a period in which the tightening steps taken by the new economic administration were reflected in banks' balance sheets and the orthodox approaches in economic policies were positively received by all economic actors. Naturally, there's a process, and we are just at the beginning of it. As a bank, we are actively managing our balance sheet parallel to this process. In this quarter as well, the demand for loans came mostly in TL, while the foreign currency loan demand continued to remain muted. On TL loan side, due to the impact of the newly implemented economic policies, we saw a noticeable slowdown in both corporate and retail loan originations. As always, we followed a policy to meet the demands of all customer segments. We reaped the benefits of our sustained customer-driven growth strategy and achieved the best loan-to-deposit ratio in our history. We generated customer deposits that exceeds the volume of TL loans we extended."

"The common feature of the three quarters of this year was managing the balance sheet in a negative real interest rate environment. Although we saw a noticeable improvement in the third quarter, momentum fell short of turning back-book TL net interest margin to positive. Despite the pressure on the margin due to macro prudential measures, our dynamic structure and competent human resources allow us to respond to changes with agility. Our strong position in payment systems, our increasingly penetrated and growing customer base, and the decreasing provision needs due to the economic growth were factors that supported our financial performance. On the operational expenses side, in 2023, we adopted a cautious approach against the irrational sponsorship prices seen in the industry. In this way, we protected ourselves against the cost challenges the banking sector might face in the coming periods. The fundamental factor that distinguishes us from our peers in the financial results is that a significant portion of our revenues come from customers, and for this reason, they are sustainable." he said.

**Recep Baştuğ** emphasized that they have been utilizing opportunities offered by digitalization and said: "The effects of our long-standing investments in artificial intelligence and digitalization have started to become more visible both in process efficiency and in customer experience. We manage more than 100 of our processes more efficiently and effectively with robotic process automation. We have seen a noticeable increase in our transaction numbers, and only 2% of these transactions go through branches. With our strong risk infrastructure supported by artificial intelligence, we have enriched our digital solutions also for our corporate & commercial customers by increasing our end-to-end digital loan products."

**Baştuğ**:. "In line with our responsible banking principle, we have been working on combating the climate crisis and promoting inclusive growth for 17 years. Our contribution to the sustainable financing since 2018 has approached 100 billion TL. Last July, we started our financial literacy trainings under our 'Women Who Know Their Account' program. As a bank, we value the participation of every individual in social and economic life, and believe that the foundation of contemporary and strong societies is built on the principle of equal opportunity."

Regarding the 100th anniversary of our Republic, **Recep Baştuğ** continued his words as follows: "As a 77-year-old institution of our 100-year-old Republic, we will continue to be one of the key actors contributing to our country's economic development and continue to empower all our stakeholders, in the second century of our Republic, as well. Serving our Republic and our country is our utmost priority and duty as all Garanti BBVA employees."

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

### 7.1.1 Selected Figures of Consolidated Financial Statements

<b>Selected Balance Sheet Items</b>	<b>Current Period 30.September.2023</b>	<b>Prior Period 31.Dec.2022</b>	<b>Change Δ %</b>
Total Assets	1,976,326,993	1,303,578,483	51.6%
Loans*	1,089,677,092	761,104,244	43.2%
- <i>Performing Loans</i>	1,069,901,230	742,079,674	44.2%
- <i>Non-Performing Loans</i>	19,775,862	19,024,570	3.9%
Customer Deposits	1,435,159,433	906,910,251	58.2%
Shareholders' Equity	215,395,578	153,124,120	40.7%
<i>* Excludes Leasing and Factoring receivables</i>			
<b>Selected P&amp;L Items</b>	<b>Current Period 30.September.2023</b>	<b>Prior Period 30.September.2022</b>	<b>Change Δ %</b>
Net Interest Income	60,098,063	57,948,604	3.7%
Operating Expenses	38,790,314	18,443,687	110.3%
- <i>HR Cost</i>	14,543,687	7,270,082	100.0%
- <i>Other Operating Expenses</i>	24,246,627	11,173,605	117.0%
Net Fees&Commissions	26,594,646	12,008,205	121.5%
Net Income	57,583,994	38,726,062	48.7%

<b>Selected Financial Ratios</b>	<b>Current Period 30.September.2023</b>	<b>Prior Period 31.Dec.2022</b>	<b>Change Δ bps</b>
Performing Loans/Assets	54.1%	56.9%	(279)
Deposits/Assets	72.6%	69.6%	305
Return on Average Equity	41.1%	51.0%	(983)
Return on Average Assets	4.5%	5.4%	(86)
Non-Performing Loans Ratio	1.9%	2.6%	(67)
Capital Adequacy Ratio*	16.5%	16.8%	(32)
<i>* Calculated without the forbearance introduced by BRSA</i>			

<b>Market Shares*</b>	<b>Current Period 30.September.2023</b>	<b>Prior Period 31.Dec.2022</b>	<b>Change Δ bps</b>
Performing Loans	10.2%	9.9%	35
TL Performing Loans	10.5%	10.4%	7
FC Performing Loans	9.7%	8.7%	106
Customer Deposits	10.4%	9.9%	53
TL Customer Deposits	10.9%	9.9%	103
FC Customer Deposits	9.9%	10.0%	(10)
<i>*Market Shares are calculated per bank-only financials, for fair comparison</i>			
<b>Garanti with Numbers<sup>1</sup></b>	<b>Current Period 30.September.2023</b>	<b>Prior Period 31.Dec.2022</b>	<b>Change Δ %</b>
Branch Network	826	838	(1.4)%
Number of Employees	18,968	18,544	2.3%
ATM	5,371	5,450	(1.4)%
POS*	800,985	777,497	3.0%
Number of Customers	24,649,519	23,035,557	7.0%
Number of Digital Customers**	14,606,643	13,386,156	9.1%
Number of Credit Card Customers	10,176,119	9,220,070	10.4%
<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 01.01.2023-30.09.2023**

There is no change during the period.

## **7.3 Announcements regarding important developments in the period of 01.01.2023-30.09.2023**

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

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

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

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

## **7.5 Information regarding management and corporate governance practices**

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

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

## **7.6 Forward looking statements regarding the expectations**

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