

*(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 Three-Month Period Ended
31 March 2022**

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

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

Independent Auditors' Report on Review of Consolidated Interim Financial Information

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

Introduction

We have reviewed the consolidated statement of financial position of Türkiye Garanti Bankası A.Ş. ("the Bank") and its subsidiaries (together will be referred as "the Group"), at March 31, 2022 and the related consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in shareholders' equity, consolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the consolidated financial statements for the three month period then ended. The Bank Management is responsible for the preparation and fair presentation of interim financial statements in accordance with the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated November 1, 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency ("BRSA") and circulars and interpretations published by Banking Regulation and Supervision Authority ("BRSA") and Turkish Accounting Standard ("TAS") 34 "Interim Financial Reporting" for those matters not regulated by BRSA Legislation (together referred as "BRSA Accounting and Financial Reporting Legislation"). Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

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

Basis of Qualified Conclusion

As explained in Section Five Part II.9.4, the accompanying consolidated financial statements as at March 31, 2022 include a free provision at an amount of TL 7,500,000 thousands which was provided in prior years by the Group management for the possible effects of the negative circumstances which may arise from the possible changes in the economy and market conditions which does not meet the recognition criteria of TAS 37 "Provisions, Contingent Liabilities and Contingent Assets".

Qualified Conclusion

Based on our review, except for the effect of the matter referred in the basis of qualified conclusion paragraph on the consolidated financial statements, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not give a true view of the financial position of the Group at March 31, 2022 and of the results of its consolidated operations and its consolidated cash flows for the three month period then ended in all aspects in accordance with the BRSA Accounting and Financial Reporting Legislation.

Other matter

The consolidated financial statements of the Bank as at December 31, 2021 and March 31, 2021 which were prepared in accordance with “BRSA Accounting Financial Reporting Legislation” were audited and reviewed by another audit firm respectively. Audit firm expressed a qualified opinion in their reports issued on February 2, 2022 since the consolidated financial statements which included in their reports include a free provision at an amount of TL 7,500,000 thousands out of which TL 4,650,000 thousands was provided in prior years and TL 2,850,000 thousands provided in 2021 by the Group management as of December 31, 2021. Also Audit firm expressed a qualified conclusion in their reports issued on April 29, 2021 due to the free provision at an amount of TL 4,800,000 thousands out of which TL 4,650,000 thousands provided in the prior years and TL 150,000 thousands provided in 2021 as of March 31, 2021 for the possible effects of the negative circumstances which may arise from the possible changes in the economy and market conditions.

Report on other regulatory requirements arising from legislation

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

Additional paragraph for convenience translation to English

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

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

Damla Harman, SMMM
Partner

April 24, 2022
İstanbul, Türkiye

**TÜRKİYE GARANTİ BANKASI ANONİM ŞİRKETİ
AND ITS FINANCIAL SUBSIDIARIES
CONSOLIDATED FINANCIAL REPORT AS OF AND
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022**

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

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

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

Subsidiaries

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

Structured Entities

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

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

Süleyman Sözen
Board of Directors
Chairman

Recep Baştuğ
General Manager

Aydın Güler
Executive Vice President
Responsible of Financial
Reporting

Hakan Özdemir
Financial Reporting and
Accounting Director

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

Avni Aydın Düren
Audit Committee Member

Belkıs Sema Yurdum
Audit Committee Member

The authorized contact person for questions on this financial report:

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1 General Information

1.1 History of 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 860 domestic branches, 8 foreign branches and 1 representative offices (31 December 2021: 863 domestic branches, 8 foreign branches and 1 representative offices). The Bank’s head office is located in Istanbul.

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

As of 31 March 2022, group of companies under BBVA that currently owns 49.85% shares of the Bank, is defined as the BBVA Group (“the Group”) and it is the main shareholder.

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

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

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

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

BBVA's voluntary takeover bid process for the shares it does not currently own is still in progress, and the relevant details are explained in footnote 5.9 Matters Arising Subsequent to Balance Sheet Date.

BBVA Group

BBVA is operating for more than 160 years, providing variety of widespread financial and non-financial services to 81.7 million retail and commercial customers.

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

BBVA which is the largest financial institution in Mexico and also the market leader in South America, operates in more than 25 countries with more than 110 thousand employees.

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

Board of Directors Chairman and Members:

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

CEO and Executive Vice Presidents:

Name and Surname	Responsibility	Appointment Date	Education	Experience in Banking and Business Administration
Recep Baştuğ	CEO	06.09.2019	University	32 years
İlker Kuruöz	EVP-Engineering Services and Data	14.03.2018	Master	30 years
Betül Ebru Edin	EVP-Corporate, Investment Banking and Global Markets	25.11.2009	University	28 years
Işıl Akdemir Evlioğlu	EVP- Customer Solutions and Digital Banking	01.03.2020	Master	19 years
Cemal Onaran	EVP-Commercial Banking	17.01.2017	University	31 years
Didem Başer	EVP- Talent and Culture	01.03.2020	Master	27 years
Aydın Güler	EVP- Finance and Treasury	03.02.2016	University	32 years
Murat Atay	Head of Credit Risk Management	01.01.2021	PhD	28 years
Mahmut Akten	EVP-Retail Banking	17.01.2017	Master	23 years
Sibel Kaya	EVP- SME Banking	02.02.2021	University	24 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	2,093,700	49.85%	2,093,700	-

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 31 March 2022

ASSETS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
		CURRENT PERIOD 31 March 2022			PRIOR PERIOD 31 December 2021		
		TL	FC	Total	TL	FC	Total
I. FINANCIAL ASSETS (Net)		106,491,573	193,138,534	299,630,107	98,162,520	200,010,644	298,173,164
1.1 Cash and Cash Equivalents	5.1.1	49,143,298	165,093,312	214,236,610	45,329,506	171,468,258	216,797,764
1.1.1 Cash and Balances with Central Bank		34,005,291	97,286,433	131,291,724	13,530,186	110,393,448	123,923,634
1.1.2 Banks		1,142,631	63,446,873	64,589,504	1,350,620	57,852,923	59,203,543
1.1.3 Money Market Placements		14,229,327	4,589,588	18,818,915	30,560,571	3,347,068	33,907,639
1.1.4 Expected Credit Losses (-)		233,951	229,582	463,533	111,871	125,181	237,052
1.2 Financial Assets Measured at Fair Value through Profit/Loss (FVTPL)	5.1.2	2,259,731	1,377,557	3,637,288	2,051,069	5,787,964	7,839,033
1.2.1 Government Securities		581,338	708,212	1,289,550	1,022,981	726,919	1,749,900
1.2.2 Equity Securities		1,655,134	90,977	1,746,111	1,027,247	99,701	1,126,948
1.2.3 Other Financial Assets		23,259	578,368	601,627	841	4,961,344	4,962,185
1.3 Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)	5.1.3	50,181,302	22,675,131	72,856,433	35,483,531	20,262,767	55,746,298
1.3.1 Government Securities		50,109,366	11,090,924	61,200,290	35,412,880	9,237,062	44,649,942
1.3.2 Equity Securities		71,936	511,409	583,345	70,651	450,549	521,200
1.3.3 Other Financial Assets		-	11,072,798	11,072,798	-	10,575,156	10,575,156
1.4 Derivative Financial Assets	5.1.4	4,907,242	3,992,534	8,899,776	15,298,414	2,491,655	17,790,069
1.4.1 Derivative Financial Assets Measured at FVTPL		4,302,283	3,511,202	7,813,485	14,512,822	2,391,774	16,904,596
1.4.2 Derivative Financial Assets Measured at FVOCI		604,959	481,332	1,086,291	785,592	99,881	885,473
II. FINANCIAL ASSETS MEASURED AT AMORTIZED COST (Net)		340,732,161	271,815,577	612,547,738	291,012,949	229,117,373	520,130,322
2.1 Loans	5.1.5	316,729,694	249,418,394	566,148,088	272,256,354	220,333,364	492,589,718
2.2 Lease Receivables	5.1.6	3,275,646	10,953,922	14,229,568	2,926,250	9,730,034	12,656,284
2.3 Factoring Receivables	5.1.7	3,190,352	1,607,003	4,797,355	2,887,843	1,328,757	4,216,600
2.4 Other Financial Assets Measured at Amortised Cost	5.1.8	27,789,872	31,643,684	59,433,556	22,864,252	17,302,795	40,167,047
2.4.1 Government Securities		27,755,234	31,583,564	59,338,798	22,830,183	17,247,652	40,077,835
2.4.2 Other Financial Assets		34,638	60,120	94,758	34,069	55,143	89,212
2.5 Expected Credit Losses (-)		10,253,403	21,807,426	32,060,829	9,921,750	19,577,577	29,499,327
III. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	5.1.9	481,698	18,665	500,363	568,861	17,087	585,948
3.1 Asset Held for Resale		481,698	18,665	500,363	568,861	17,087	585,948
3.2 Assets of Discontinued Operations		-	-	-	-	-	-
IV. INVESTMENTS IN ASSOCIATES,SUBSIDIARIES AND JOINT VENTURES		1,340,169	60,282	1,400,451	1,112,314	52,210	1,164,524
4.1 Associates (Net)	5.1.10	48,378	13	48,391	47,923	12	47,935
4.1.1 Associates Consolidated Under Equity Accounting		-	-	-	-	-	-
4.1.2 Unconsolidated Associates		48,378	13	48,391	47,923	12	47,935
4.2 Subsidiaries (Net)	5.1.11	1,291,791	60,269	1,352,060	1,064,391	52,198	1,116,589
4.2.1 Unconsolidated Financial Investments in Subsidiaries		-	-	-	41,420	-	41,420
4.2.2 Unconsolidated Non-Financial Investments in Subsidiaries		1,291,791	60,269	1,352,060	1,022,971	52,198	1,075,169
4.3 Joint Ventures (Net)	5.1.12	-	-	-	-	-	-
4.3.1 Joint-Ventures Consolidated Under Equity Accounting		-	-	-	-	-	-
4.3.2 Unconsolidated Joint-Ventures		-	-	-	-	-	-
V. TANGIBLE ASSETS (Net)	5.1.13	6,853,471	803,872	7,657,343	5,359,199	747,121	6,106,320
VI. INTANGIBLE ASSETS (Net)	5.1.14	907,100	114,356	1,021,456	848,468	115,182	963,650
6.1 Goodwill		6,388	-	6,388	6,388	-	6,388
6.2 Others		900,712	114,356	1,015,068	842,080	115,182	957,262
VII. INVESTMENT PROPERTY (Net)	5.1.15	652,633	-	652,633	652,633	-	652,633
VIII. CURRENT TAX ASSET		-	133,921	133,921	-	30,727	30,727
IX. DEFERRED TAX ASSET	5.1.16	8,862,633	84,066	8,946,699	4,405,432	37,859	4,443,291
X. OTHER ASSETS (Net)	5.1.17	16,012,733	4,843,711	20,856,444	12,670,670	5,554,351	18,225,021
TOTAL ASSETS		482,334,171	471,012,984	953,347,155	414,793,046	435,682,554	850,475,600

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

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Subsidiaries
Consolidated Balance Sheet (Statement of Financial Position)
At 31 March 2022

LIABILITIES AND SHAREHOLDERS' EQUITY	Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
		CURRENT PERIOD			PRIOR PERIOD		
		31 March 2022			31 December 2021		
		TL	FC	Total	TL	FC	Total
I. DEPOSITS	5.2.1	231,149,483	424,816,899	655,966,382	178,400,797	404,432,629	582,833,426
II. FUNDS BORROWED	5.2.2	3,322,170	43,049,980	46,372,150	2,771,981	40,854,748	43,626,729
III. MONEY MARKET FUNDS	5.2.3	2,404,817	6,353,682	8,758,499	9,119,851	6,822,938	15,942,789
IV. SECURITIES ISSUED (NET)	5.2.4	2,728,776	21,927,913	24,656,689	5,671,907	19,972,964	25,644,871
4.1 Bills		1,670,619	139,396	1,810,015	4,673,647	-	4,673,647
4.2 Asset Backed Securities		-	-	-	-	-	-
4.3 Bonds		1,058,157	21,788,517	22,846,674	998,260	19,972,964	20,971,224
V. FUNDS		-	-	-	-	-	-
5.1 Borrowers' Funds		-	-	-	-	-	-
5.2 Others		-	-	-	-	-	-
VI. FINANCIAL LIABILITIES MEASURED AT FVTPL	5.2.5	-	25,508,244	25,508,244	-	24,183,368	24,183,368
VII. DERIVATIVE FINANCIAL LIABILITIES	5.2.6	5,846,114	7,202,237	13,048,351	6,951,853	6,476,882	13,428,735
7.1 Derivative Financial Liabilities Measured at FVTPL		5,811,816	7,103,642	12,915,458	6,910,642	6,137,677	13,048,319
7.2 Derivative Financial Liabilities Measured at FVOCI		34,298	98,595	132,893	41,211	339,205	380,416
VIII. FACTORING LIABILITIES	5.2.7	-	-	-	-	-	-
IX. LEASE LIABILITIES (Net)	5.2.8	852,722	293,733	1,146,455	797,919	272,119	1,070,038
X. PROVISIONS	5.2.9	4,859,936	10,661,400	15,521,336	5,226,738	9,493,285	14,720,023
10.1 Restructuring Reserves		-	-	-	-	-	-
10.2 Reserve for Employee Benefits		2,013,356	176,987	2,190,343	1,841,079	176,824	2,017,903
10.3 Insurance Technical Provisions (Net)		1,034,826	462,754	1,497,580	1,002,438	359,409	1,361,847
10.4 Other Provisions		1,811,754	10,021,659	11,833,413	2,383,221	8,957,052	11,340,273
XI. CURRENT TAX LIABILITY	5.2.10	10,313,786	146,484	10,460,270	2,842,824	130,091	2,972,915
XII. DEFERRED TAX LIABILITY	5.2.10	41,163	62,414	103,577	-	55,096	55,096
XIII. LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	5.2.11	-	-	-	-	-	-
13.1 Asset Held for Sale		-	-	-	-	-	-
13.2 Assets of Discontinued Operations		-	-	-	-	-	-
XIV. SUBORDINATED DEBTS	5.2.12	1,027,015	11,144,196	12,171,211	1,030,662	9,880,843	10,911,505
14.1 Borrowings		-	-	-	-	-	-
14.2 Other Debt Instruments		1,027,015	11,144,196	12,171,211	1,030,662	9,880,843	10,911,505
XV. OTHER LIABILITIES	5.2.13	34,701,850	7,966,735	42,668,585	29,419,434	5,365,816	34,785,250
XVI. SHAREHOLDERS' EQUITY	5.2.14	96,674,552	290,854	96,965,406	80,399,488	(98,633)	80,300,855
16.1 Paid-in Capital		4,200,000	-	4,200,000	4,200,000	-	4,200,000
16.2 Capital Reserves		784,434	-	784,434	784,434	-	784,434
16.2.1 Share Premium		11,880	-	11,880	11,880	-	11,880
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Other Capital Reserves		772,554	-	772,554	772,554	-	772,554
16.3 Other Comprehensive Income/Expense Items not to be Recycled to Profit or Loss		2,887,544	218,868	3,106,412	1,661,446	190,809	1,852,255
16.4 Other Comprehensive Income/Expense Items to be Recycled to Profit or Loss		16,096,043	(425,788)	15,670,255	7,941,856	(750,153)	7,191,703
16.5 Profit Reserves		63,161,735	497,774	63,659,509	51,476,644	460,711	51,937,355
16.5.1 Legal Reserves		1,828,302	203,379	2,031,681	1,648,175	186,676	1,834,851
16.5.2 Status Reserves		-	-	-	-	-	-
16.5.3 Extraordinary Reserves		61,229,168	-	61,229,168	49,559,538	-	49,559,538
16.5.4 Other Profit Reserves		104,265	294,395	398,660	268,931	274,035	542,966
16.6 Profit/Loss		9,238,140	-	9,238,140	14,015,592	-	14,015,592
16.6.1 Prior Periods' Profit/Loss		1,022,458	-	1,022,458	548,851	-	548,851
16.6.2 Current Period's Net Profit/Loss		8,215,682	-	8,215,682	13,466,741	-	13,466,741
16.7 Minority Interest		306,656	-	306,656	319,516	-	319,516
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		393,922,384	559,424,771	953,347,155	322,633,454	527,842,146	850,475,600

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

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Subsidiaries
Consolidated Off-Balance Sheet Items
At 31 March 2022

	Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
		CURRENT PERIOD			PRIOR PERIOD		
		31 March 2022			31 December 2021		
		TL	FC	Total	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)		435,805,624	695,777,718	1,131,583,342	351,725,728	647,893,921	999,619,649
I. GUARANTEES AND SURETIES		54,660,878	109,310,278	163,971,156	44,306,497	90,152,277	134,458,774
1.1 Letters of guarantee	5.3.1	53,616,412	68,423,697	122,040,109	44,007,746	60,356,900	104,364,646
1.1.1 Guarantees subject to State Tender Law		-	2,369,287	2,369,287	-	2,359,247	2,359,247
1.1.2 Guarantees given for foreign trade operations		3,266,830	1,443,307	4,710,137	3,089,307	1,586,208	4,675,515
1.1.3 Other letters of guarantee		50,349,582	64,611,103	114,960,685	40,918,439	56,411,445	97,329,884
1.2 Bank acceptances		214,769	2,917,207	3,131,976	65,766	2,685,971	2,751,737
1.2.1 Import letter of acceptance		214,769	2,917,207	3,131,976	65,766	2,685,971	2,751,737
1.2.2 Other bank acceptances		-	-	-	-	-	-
1.3 Letters of credit		140,197	36,976,786	37,116,983	160,485	25,794,163	25,954,648
1.3.1 Documentary letters of credit		-	-	-	-	-	-
1.3.2 Other letters of credit		140,197	36,976,786	37,116,983	160,485	25,794,163	25,954,648
1.4 Guaranteed prefinancings		-	-	-	-	-	-
1.5 Endorsements		689,500	716,332	1,405,832	72,500	1,056,461	1,128,961
1.5.1 Endorsements to the Central Bank of Turkey		689,500	716,332	1,405,832	72,500	1,056,461	1,128,961
1.5.2 Other endorsements		-	-	-	-	-	-
1.6 Underwriting commitments		-	-	-	-	-	-
1.7 Factoring related guarantees		-	-	-	-	-	-
1.8 Other guarantees		-	276,256	276,256	-	258,782	258,782
1.9 Other sureties		-	-	-	-	-	-
II. COMMITMENTS	5.3.1	120,437,437	36,490,621	156,928,058	102,485,489	37,588,748	140,074,237
2.1 Irrevocable commitments		118,514,344	24,336,440	142,850,784	100,896,376	19,144,862	120,041,238
2.1.1 Asset purchase and sale commitments		4,184,845	19,718,429	23,903,274	5,160,834	14,950,271	20,111,105
2.1.2 Deposit purchase and sale commitments		-	15,379	15,379	-	-	-
2.1.3 Share capital commitments to associates and subsidiaries		-	4,967	4,967	-	4,560	4,560
2.1.4 Loan granting commitments		36,431,351	2,555,889	38,987,240	30,051,943	2,367,061	32,419,004
2.1.5 Securities issuance brokerage commitments		-	-	-	-	-	-
2.1.6 Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7 Commitments for cheque payments		5,215,928	-	5,215,928	3,956,330	-	3,956,330
2.1.8 Tax and fund obligations on export commitments		133,434	-	133,434	116,784	-	116,784
2.1.9 Commitments for credit card limits		72,547,019	2,041,776	74,588,795	61,609,289	1,822,970	63,432,259
2.1.10 Commitments for credit cards and banking services related promotions		1,767	-	1,767	1,196	-	1,196
2.1.11 Receivables from "short" sale commitments on securities		-	-	-	-	-	-
2.1.12 Payables from "short" sale commitments on securities		-	-	-	-	-	-
2.1.13 Other irrevocable commitments		-	-	-	-	-	-
2.2 Revocable commitments		1,923,093	12,154,181	14,077,274	1,589,113	18,443,886	20,032,999
2.2.1 Revocable loan granting commitments		297,625	9,915,752	10,213,377	557,330	16,363,918	16,921,248
2.2.2 Other revocable commitments		1,625,468	2,238,429	3,863,897	1,031,783	2,079,968	3,111,751
III. DERIVATIVE FINANCIAL INSTRUMENTS	5.3.2	260,707,309	549,976,819	810,684,128	204,933,742	520,152,896	725,086,638
3.1 Derivative financial instruments held for risk management		8,374,098	64,320,566	72,694,664	10,157,293	65,472,706	75,629,999
3.1.1 Fair value hedges		-	12,133,226	12,133,226	400,000	10,961,095	11,361,095
3.1.2 Cash flow hedges		8,374,098	52,187,340	60,561,438	9,757,293	54,511,611	64,268,904
3.1.3 Net foreign investment hedges		-	-	-	-	-	-
3.2 Trading derivatives		252,333,211	485,656,253	737,989,464	194,776,449	454,680,190	649,456,639
3.2.1 Forward foreign currency purchases/sales		15,886,477	23,809,468	39,695,945	19,688,268	33,040,630	52,729,895
3.2.1.1 Forward foreign currency purchases		12,004,584	7,562,289	19,566,873	9,734,071	6,429,241	16,163,312
3.2.1.2 Forward foreign currency sales		3,881,893	16,247,179	20,129,072	3,618,291	13,259,027	16,877,318
3.2.2 Currency and interest rate swaps		216,523,462	355,480,783	572,004,245	164,715,512	341,701,557	506,417,069
3.2.2.1 Currency swaps-purchases		5,634,188	152,419,695	158,053,883	3,971,126	148,821,859	152,792,985
3.2.2.2 Currency swaps-sales		113,646,186	58,441,605	172,087,791	106,149,390	50,271,988	156,421,378
3.2.2.3 Interest rate swaps-purchases		48,621,544	72,309,741	120,931,285	27,297,498	71,303,855	98,601,353
3.2.2.4 Interest rate swaps-sales		48,621,544	72,309,742	120,931,286	27,297,498	71,303,855	98,601,353
3.2.3 Currency, interest rate and security options		16,186,178	26,265,374	42,451,552	14,159,657	20,726,981	34,886,638
3.2.3.1 Currency call options		6,833,418	8,707,036	15,540,454	4,417,926	6,898,987	11,316,913
3.2.3.2 Currency put options		9,053,364	9,783,352	18,836,716	7,866,882	6,448,093	14,314,975
3.2.3.3 Interest rate call options		-	5,357,827	5,357,827	-	4,982,841	4,982,841
3.2.3.4 Interest rate put options		-	2,417,159	2,417,159	-	2,190,191	2,190,191
3.2.3.5 Security call options		111,725	-	111,725	1,267,078	-	1,267,078
3.2.3.6 Security put options		187,671	-	187,671	607,771	206,869	814,640
3.2.4 Currency futures		2,273,363	2,059,785	4,333,148	1,306,794	1,277,838	2,584,632
3.2.4.1 Currency futures-purchases		1,054,936	1,122,951	2,177,887	992,048	301,139	1,293,187
3.2.4.2 Currency futures-sales		1,218,427	936,834	2,155,261	314,746	976,699	1,291,445
3.2.5 Interest rate futures		-	43,638	43,638	-	157,116	157,116
3.2.5.1 Interest rate futures-purchases		-	-	-	-	-	-
3.2.5.2 Interest rate futures-sales		-	43,638	43,638	-	157,116	157,116
3.2.6 Others		1,463,731	77,997,205	79,460,936	1,242,124	71,128,430	72,370,554
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		1,200,160,261	2,332,025,517	3,532,185,778	1,093,978,634	2,083,443,828	3,177,422,462
IV. ITEMS HELD IN CUSTODY		123,623,867	127,270,698	250,894,565	114,179,952	108,260,211	222,440,163
4.1 Customers' securities held		73,676,222	-	73,676,222	64,677,619	-	64,677,619
4.2 Investment securities held in custody		17,563,733	47,906,863	65,470,596	18,343,337	37,995,927	56,339,264
4.3 Checks received for collection		27,939,168	16,198,565	44,137,733	27,326,791	13,620,060	40,946,851
4.4 Commercial notes received for collection		3,833,138	2,140,290	5,973,428	3,429,128	1,815,204	5,244,332
4.5 Other assets received for collection		345,786	53,001,832	53,347,618	275,296	47,257,187	47,532,483
4.6 Assets received through public offering		-	354,754	354,754	-	319,790	319,790
4.7 Other items under custody		265,820	7,668,394	7,934,214	127,781	7,252,043	7,379,824
4.8 Custodians		-	-	-	-	-	-
V. PLEDGED ITEMS		1,076,536,394	2,204,754,819	3,281,291,213	979,798,682	1,975,183,617	2,954,982,299
5.1 Securities		11,600,631	6,884,134	18,484,765	8,838,322	6,124,816	14,963,138
5.2 Guarantee notes		22,886,625	40,923,421	63,810,046	22,910,852	35,928,645	58,839,497
5.3 Commodities		260,586	-	260,586	441,462	-	441,462
5.4 Warranties		-	1,107,513	1,107,513	-	925,896	925,896
5.5 Real estates		235,175,420	365,644,761	600,820,181	221,127,430	334,187,401	555,314,831
5.6 Other pledged items		806,613,132	1,790,194,755	2,596,807,887	726,480,616	1,598,016,644	2,324,497,260
5.7 Pledged items-depository		-	235	235	-	215	215
VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES		-	-	-	-	-	-
TOTAL OFF-BALANCE SHEET ITEMS (A+B)		1,635,965,885	3,027,803,235	4,663,769,120	1,445,704,362	2,731,337,749	4,177,042,111

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

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Subsidiaries
Consolidated Statement of Profit or Loss
At 31 March 2022

INCOME AND EXPENSE ITEMS		Footnotes	THOUSANDS OF TURKISH LIRA (TL)	
			CURRENT PERIOD 1 January 2022- 31 March 2022	PRIOR PERIOD 1 January 2021- 31 March 2021
I. INTEREST INCOME	5.4.1		22,093,201	11,898,223
1.1 Interest income on loans			15,473,618	9,387,805
1.2 Interest income on reserve deposits			242,621	128,253
1.3 Interest income on banks			53,915	56,559
1.4 Interest income on money market transactions			1,012,296	228,597
1.5 Interest income on securities portfolio			4,893,897	1,825,674
1.5.1 Financial assets measured at FVTPL			90,309	30,762
1.5.2 Financial assets measured at FVOCI			2,748,112	907,077
1.5.3 Financial assets measured at amortised cost			2,055,476	887,835
1.6 Financial lease income			287,018	145,085
1.7 Other interest income			129,836	126,250
II. INTEREST EXPENSE (-)	5.4.2		7,849,368	5,053,520
2.1 Interest on deposits			6,196,579	4,016,126
2.2 Interest on funds borrowed			521,359	260,603
2.3 Interest on money market transactions			120,582	57,428
2.4 Interest on securities issued			683,417	679,978
2.5 Lease interest expense			38,363	26,922
2.6 Other interest expenses			289,068	12,463
III. NET INTEREST INCOME (I - II)			14,243,833	6,844,703
IV. NET FEES AND COMMISSIONS INCOME/EXPENSES	5.4.12		3,206,043	2,067,219
4.1 Fees and commissions received			4,377,263	2,617,529
4.1.1 Non-cash loans			375,021	229,185
4.1.2 Others			4,002,242	2,388,344
4.2 Fees and commissions paid (-)			1,171,220	550,310
4.2.1 Non-cash loans			15,502	6,708
4.2.2 Others			1,155,718	543,602
V. DIVIDEND INCOME	5.4.3		14,049	3,215
VI. NET TRADING INCOME/LOSSES (Net)	5.4.4		2,393,556	246,371
6.1 Trading account income/losses			1,216,203	1,125,143
6.2 Income/losses from derivative financial instruments			(13,665,754)	4,817,155
6.3 Foreign exchange gains/losses			14,843,107	(5,695,927)
VII. OTHER OPERATING INCOME	5.4.5		4,767,405	3,622,055
VIII. TOTAL OPERATING PROFIT (III+IV+V+VI+VII)			24,624,886	12,783,563
IX. EXPECTED CREDIT LOSSES (-)	5.4.6		7,150,931	5,315,894
X. OTHER PROVISIONS (-)	5.4.6		1,129,700	974,854
XI. PERSONNEL EXPENSES (-)			2,023,051	1,220,870
XII. OTHER OPERATING EXPENSES (-)	5.4.7		3,262,472	2,058,466
XIII. NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)			11,058,732	3,213,479
XIV. INCOME RESULTED FROM MERGERS			-	-
XV. INCOME/LOSS FROM INVESTMENTS UNDER EQUITY			270,823	153,145
XVI. GAIN/LOSS ON NET MONETARY POSITION			-	-
XVII. PROFIT/LOSS BEFORE TAXES (XIII+...+XVI)	5.4.8		11,329,555	3,366,624
XVIII. PROVISION FOR TAXES (±)	5.4.9		3,066,941	669,148
18.1 Current tax charge			7,646,826	181,397
18.2 Deferred tax charge (+)			425,570	1,671,197
18.3 Deferred tax credit (-)			(5,005,455)	(1,183,446)
XIX. NET OPERATING PROFIT/LOSS AFTER TAXES (XVII±XVIII)	5.4.10		8,262,614	2,697,476
XX. INCOME FROM DISCONTINUED OPERATIONS			-	-
20.1 Income from assets held for sale			-	-
20.2 Income from sale of associates, subsidiaries and joint-ventures			-	-
20.3 Others			-	-
XXI. EXPENSES FROM DISCONTINUED OPERATIONS (-)			-	-
21.1 Expenses on assets held for sale			-	-
21.2 Expenses on sale of associates, subsidiaries and joint-ventures			-	-
21.3 Others			-	-
XXII. PROFIT/LOSS BEFORE TAXES ON DISCONTINUED OPERATIONS	5.4.8		-	-
XXIII. PROVISION FOR TAXES OF DISCONTINUED OPERATIONS (±)	5.4.9		-	-
23.1 Current tax charge			-	-
23.2 Deferred tax charge (+)			-	-
23.3 Deferred tax credit (-)			-	-
XXIV. NET PROFIT/LOSS AFTER TAXES ON DISCONTINUED OPERATIONS	5.4.10		-	-
XXV. NET PROFIT/LOSS (XIX+XXIV)	5.4.11		8,262,614	2,697,476
25.1 Equity holders of the bank			8,215,682	2,665,831
25.2 Minority interest			46,932	31,645
Earnings per Share			0.01956	0.00635

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

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Subsidiaries
Consolidated Statement of Profit or Loss and Other Comprehensive Income
At 31 March 2022

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		THOUSANDS OF TURKISH LIRA (TL)	
		CURRENT PERIOD 1 January 2021 - 31 March 2022	PRIOR PERIOD 1 January 2021 - 31 March 2021
I.	CURRENT PERIOD PROFIT/LOSS	8,262,614	2,697,476
II.	OTHER COMPREHENSIVE INCOME	9,733,263	(223,325)
2.1	Other Income/Expense Items not to be Recycled to Profit or Loss	1,254,157	51,334
2.1.1	Revaluation Surplus on Tangible Assets	1,362,724	1,762
2.1.2	Revaluation Surplus on Intangible Assets	-	-
2.1.3	Defined Benefit Plans' Actuarial Gains/Losses	65	-
2.1.4	Other Income/Expense Items not to be Recycled to Profit or Loss	57,518	50,400
2.1.5	Deferred Taxes on Other Comprehensive Income not to be Recycled to Profit or Loss	(166,150)	(828)
2.2	Other Income/Expense Items to be Recycled to Profit or Loss	8,479,106	(274,659)
2.2.1	Translation Differences	1,308,671	540,547
2.2.2	Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at FVOCI	9,522,350	(1,005,281)
2.2.3	Gains/losses from Cash Flow Hedges	485,290	263,808
2.2.4	Gains/Losses on Hedges of Net Investments in Foreign Operations	(643,594)	(264,175)
2.2.5	Other Income/Expense Items to be Recycled to Profit or Loss	-	-
2.2.6	Deferred Taxes on Other Comprehensive Income to be Recycled to Profit or Loss	(2,193,611)	190,442
III.	TOTAL COMPREHENSIVE INCOME (I+II)	17,995,877	2,474,151

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

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Subsidiaries
Consolidated Statement of Changes in Shareholders' Equity
At 31 March 2022

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Footnotes	THOUSANDS OF TURKISH LIRA (TL)																
		Paid-in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves	Other Comprehensive Income/Expense Items not to be Recycled to Profit or Loss			Other Comprehensive Income/Expense Items to be Recycled to Profit or Loss			Profit Reserves	Prior Periods' Profit/Loss	Current Period's Net Profit/Loss	Shareholders' Equity Before Minority Interest	Minority Interest	Total Shareholders' Equity	
						Revaluation surplus on tangible and intangible assets	Defined Benefit Plans' Actuarial Gains/Losses	Others	Foreign Currency Translation Differences	Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at FVOCI	Others							
PRIOR PERIOD (01/01/2021-31/03/2021)																		
I. Balances at Beginning of Period		4,200,000	11,880	-	772,554	1,948,436	(302,744)	66,879	5,190,254	240,292	(2,349,276)	45,869,743	6,513,366	-	62,161,384	247,679	62,409,063	
II. Correction made as per TAS 8		-	-	-	-	-	-	-	(132)	-	(100,924)	-	535,568	-	434,512	-	434,512	
2.1. Effect of Corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2.2. Effect of Changes in Accounting Policies		-	-	-	-	-	-	-	(132)	-	(100,924)	-	535,568	-	434,512	-	434,512	
III. Adjusted Balances at Beginning of Period (I+II)	5.5	4,200,000	11,880	-	772,554	1,948,436	(302,744)	66,879	5,190,122	240,292	(2,450,200)	45,869,743	7,048,934	-	62,595,896	247,679	62,843,575	
IV. Total Comprehensive Income		-	-	-	-	2,272	-	49,062	540,547	(860,413)	46,273	208,276	(208,276)	2,665,831	2,443,572	30,579	2,474,151	
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		-	-	-	-	-	-	-	-	-	-	16,169	-	-	16,169	-	16,169	
XI. Profit Distribution		-	-	-	-	-	-	-	-	-	-	5,681,290	(6,305,090)	-	(623,800)	(46,769)	(670,569)	
11.1 Dividends		-	-	-	-	-	-	-	-	-	-	-	(623,800)	-	(623,800)	(46,769)	(670,569)	
11.2 Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	5,646,085	(5,646,085)	-	-	-	-	
11.3 Others		-	-	-	-	-	-	-	-	-	-	35,205	(35,205)	-	-	-	-	
Balances at end of the period (III+IV+...+X+XI)		4,200,000	11,880	-	772,554	1,950,708	(302,744)	115,941	5,730,669	(620,121)	(2,403,927)	51,775,478	535,568	2,665,831	64,431,837	231,489	64,663,326	
CURRENT PERIOD (01/01/2022-31/03/2022)																		
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		-	-	-	-	1,197,458	50	56,649	1,308,671	7,309,949	(140,068)	13,283	(13,283)	8,215,682	17,948,391	47,486	17,995,877	
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		-	-	-	-	-	-	-	-	-	-	36,351	-	-	36,351	-	36,351	
XI. Profit Distribution		-	-	-	-	-	-	-	-	-	-	11,672,520	(12,979,851)	-	(1,307,331)	(60,346)	(1,367,677)	
11.1 Dividends		-	-	-	-	-	-	-	-	-	-	-	(1,307,331)	-	(1,307,331)	(60,346)	(1,367,677)	
11.2 Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	11,615,313	(11,615,313)	-	-	-	-	
11.3 Others		-	-	-	-	-	-	-	-	-	-	57,207	(57,207)	-	-	-	-	
Balances at end of the period (III+IV+...+X+XI)		4,200,000	11,880	-	772,554	3,210,519	(420,229)	316,122	11,971,090	7,742,567	(4,043,402)	63,659,509	1,022,458	8,215,682	96,658,750	306,656	96,965,406	

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Türkiye Garanti Bankası Anonim Şirketi and Its Financial Subsidiaries
Consolidated Statement of Cash Flows
At 31 March 2022

STATEMENT OF CASH FLOWS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)	
		CURRENT PERIOD	PRIOR PERIOD
		1 January 2022- 31 March 2022	1 January 2021 - 31 March 2021
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities	5.6	20,083,319	(5,896,500)
1.1.1 Interests received		20,839,288	10,079,133
1.1.2 Interests paid		(4,580,091)	(4,842,915)
1.1.3 Dividend received		14,049	3,215
1.1.4 Fees and commissions received		4,377,263	2,617,529
1.1.5 Other income		4,767,405	3,622,055
1.1.6 Collections from previously written-off receivables		213,957	215,357
1.1.7 Cash payments to personnel and service suppliers		(4,450,571)	(2,774,296)
1.1.8 Taxes paid		(2,509,031)	(1,932,101)
1.1.9 Others		1,411,050	(12,884,477)
1.2 Changes in operating assets and liabilities	5.6	(4,614,126)	3,145,471
1.2.1 Net (increase) decrease in financial assets measured at FVTPL		4,230,999	(143,847)
1.2.2 Net (increase) decrease in due from banks		1,562,165	(1,826,493)
1.2.3 Net (increase) decrease in loans		(78,321,735)	(24,445,879)
1.2.4 Net (increase) decrease in other assets		(156,430)	(556,244)
1.2.5 Net increase (decrease) in bank deposits		1,926,150	1,183,661
1.2.6 Net increase (decrease) in other deposits		67,885,790	12,298,897
1.2.7 Net increase (decrease) in financial liabilities measured at FVTPL		-	-
1.2.8 Net increase (decrease) in funds borrowed		(8,143,882)	13,306,610
1.2.9 Net increase (decrease) in matured payables		-	-
1.2.10 Net increase (decrease) in other liabilities		6,402,817	3,328,766
I. Net cash flow from banking operations	5.6	15,469,193	(2,751,029)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash flow from investing activities	5.6	(23,352,992)	(7,406)
2.1 Cash paid for purchase of associates, subsidiaries and joint-ventures		(828)	-
2.2 Cash obtained from sale of associates, subsidiaries and joint-ventures		-	-
2.3 Purchases of tangible assets		(252,259)	(192,701)
2.4 Sales of tangible assets		134,246	211,275
2.5 Cash paid for purchase of financial assets measured at FVOCI		(13,504,675)	(7,806,596)
2.6 Cash obtained from sale of financial assets measured at FVOCI		6,622,975	7,388,387
2.7 Cash paid for purchase of financial assets measured at amortised cost		(17,465,048)	(212,368)
2.8 Cash obtained from sale of financial assets measured at amortised cost		1,112,597	604,597
2.9 Others		-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash flow from financing activities		3,188,962	8,947,110
3.1 Cash obtained from funds borrowed and securities issued		3,880,659	16,640,728
3.2 Cash used for repayment of funds borrowed and securities issued		(572,503)	(7,613,632)
3.3 Equity instruments issued		-	-
3.4 Dividends paid		-	-
3.5 Payments for leases		(119,194)	(79,986)
3.6 Others		-	-
IV. Effect of translation differences on cash and cash equivalents	5.6	3,967,277	3,755,751
V. Net increase/(decrease) in cash and cash equivalents (I+II+III+IV)	5.6	(727,560)	9,944,426
VI. Cash and cash equivalents at beginning of period	5.6	122,462,323	52,763,757
VII. Cash and cash equivalents at end of period (V+VI)	5.6	121,734,763	62,708,183

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

3 Accounting Policies

3.1 Basis of presentation

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

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

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

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

3.1.1 Changes in Accounting policies and disclosures

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

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

3.1.2 Other

A new type of coronavirus (COVID-19), first emerging in China, has been classified by the World Health Organization as a pandemic affecting countries globally. The COVID-19 outbreak not only affects economic conditions both regionally and globally, as it causes disruptions in operations, especially in countries that are exposed to the epidemic. The effects of COVID-19 on Parent Bank’s financial statements are regularly monitored by the risk units and Parent Bank’s Management. While preparing the interim financial statements dated 31 March 2022, the Bank reflected the possible effects of the COVID-19 outbreak on the estimates and judgments used in the preparation of the financial statements.

According to the announcement made by Public Oversight Accounting and Auditing Standards Authority on 20 January 2022, due to the fact that cumulative change in the general purchasing power of the last 3 years was 74.41%; it has been stated that businesses applying TFRS do not need to make any adjustments in their financial statements for 2021 within the scope of TAS 29 Financial Reporting in High Inflation Economies. As of 31 March 2022, Public Oversight Accounting and Auditing Standards Authority has not made a new announcement within the scope TAS 29. Therefore, no inflation adjustment has been applied on the financial statements dated 31 March 2022 in accordance with TAS 29.

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

3.2 Strategy for use of financial instruments and foreign currency transactions

3.2.1 Strategy for use of financial instruments

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

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

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

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

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

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

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

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

3.2.2 Foreign currency transactions

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

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

In the current period, net investment hedge amounting to EUR 487,588,654 (31 December 2021: EUR 489,286,021) is applied in total among investments in Garanti Bank International NV and Garanti Holding BV having capitals denominated in foreign currencies and long term foreign currency borrowings. Foreign exchange losses amounting to TL 6,156,226 (31 December 2021: TL 5,633,892), arising from conversion of both foreign currency investments and long term foreign currency borrowings are accounted under capital reserves and other comprehensive income/expense items to be recycled to profit/loss, respectively under equity as of 31 December 2021. There is no ineffective portion arising from net investment hedge accounting.

3.3 Information on consolidated subsidiaries

As of 31 March 2022, Türkiye Garanti Bankası Anonim Şirketi and the following financial subsidiaries are consolidated in the accompanying consolidated financial statements; Garanti Bank International (GBI), Garanti Finansal Kiralama AŞ (Garanti Finansal Kiralama), Garanti Yatırım Menkul Kıymetler AŞ (Garanti Yatırım), Garanti Portföy Yönetimi AŞ (Garanti Portföy), Garanti Emeklilik ve Hayat AŞ (Garanti Emeklilik), Garanti Faktoring AŞ (Garanti Faktoring), Garanti Ödeme Sistemleri AŞ (GÖSAŞ) and Garanti Holding BV (Garanti Holding).

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

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

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

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

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

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

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

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

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

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

3.4 Forwards, options and other derivative transactions

3.4.1 Derivative financial assets

Derivative financial assets measured at fair value through profit or loss

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

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

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

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

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

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

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

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

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

3.4.2 Derivative financial instruments held for hedging purpose

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

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

Derivative financial assets measured at fair value through other comprehensive income

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

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

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

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

3.5 Interest income and expenses

General

Interest is recorded according to the effective interest rate method (rate equalizing future cash flows of financial assets or liabilities to net present value) defined in the TFRS 9 “Financial Instruments” standard by applying the effective interest rate to the gross carrying amount of a financial asset except for: purchased or originated credit-impaired financial assets or financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial

assets. In applying the effective interest method, it is identified fees that are an integral part of the effective interest rate of a financial instrument. Fees that are an integral part of the effective interest rate of a financial instrument are treated as an adjustment to the effective interest rate, unless the financial instrument is measured at fair value, with the change in fair value being recognised in profit or loss. In those cases, such fees are accounted as revenue or expense when the financial instrument is initially recognised in the financial statements.

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

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

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

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

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

Financial lease activities

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

3.6 Fees and commissions

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

3.7 Financial instruments

3.7.1 Initial recognition of financial instruments

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

3.7.2 Initial measurement of financial instruments

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

3.7.3 Classification of financial instruments

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

3.7.3.1 Assessment of the business model

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

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

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

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

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

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

- A business model whose objective is to hold assets in order to collect contractual cash flows: A business model whose objective is to hold assets in order to collect contractual cash flows are managed to realise cash flows by collecting contractual payments over the life of the instrument. The financial assets that are held within the scope of this business model are measured at amortised cost when the contractual terms of the financial asset meet the condition of giving rise on specified dates to contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.
- A business model whose objective is achieved by both collecting contractual cash flows and selling financial assets: It may be held financial assets in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. Fair value change of the financial assets that are held within the scope of this business model are accounted under other comprehensive income when the contractual terms of the financial asset meet the condition of giving rise on specified dates to contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.

- Other business models: Financial assets are measured at fair value through profit or loss if they are not held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

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

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

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

3.7.4 *Measurement categories of financial assets and liabilities*

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

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

Financial investments and loans measured at amortised cost

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

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

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

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

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

Financial assets measured at fair value through other comprehensive income

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

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

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

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

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

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

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

Equity instruments measured at fair value through other comprehensive income

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

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

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

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

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

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

3.8 Disclosures on impairment of financial instruments

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

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

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

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

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

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

3.8.1 Calculation of expected credit losses

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- Customer type (retail or corporate / commercial)
- Product type
- Credit risk rating notes /scores
- Sector / market segmentation
- Collateral type

- Loan to value ratio
- Duration since origination of a loan
- Remaining time to maturity
- Exposure at default

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

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

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

3.8.1.1 *Loan commitments and non-cash loans*

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

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

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

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

3.8.1.3 *Credit cards and other revolving loans*

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

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

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

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

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

3.8.2 Forward-looking macroeconomic information

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

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

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

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

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

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

Date	GDP
31.12.2022	3.5%
31.12.2023	3.0%
31.12.2024	4.0%
31.12.2025	3.5%
31.12.2026	3.5%

3.8.3 Significant increase in credit risk

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

Qualitative assessment:

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

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

Quantitative assessment:

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

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

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

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

3.8.4 Low credit risk

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

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

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

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

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

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

3.8.5 Disclosures on write down policy

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

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

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

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

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

3.9 Disclosures about netting and derecognition of financial instruments

3.9.1 Netting of financial instruments

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

3.9.2 Derecognition of financial instruments

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

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

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

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

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

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

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

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

3.9.2.3 Derecognition of financial liabilities

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

3.9.3 Reclassification of financial instruments

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

3.9.4 Restructuring and refinancing of financial instruments

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

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

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

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

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

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

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

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

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

3.10 Repurchase and resale agreements and securities lending

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

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

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

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

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

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

3.12 Goodwill and other intangible assets

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

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

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

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

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

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

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

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

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

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

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

3.13 Tangible assets

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

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

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

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

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

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

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

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

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

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

Investment properties

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

Investment properties accounted at fair value are not depreciated.

Right-of-use assets

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

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

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

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

3.14 Leasing activities

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

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

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

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

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

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

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

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

3.15 Provisions and contingent liabilities

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

3.16 Contingent assets

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

3.17 Liabilities for employee benefits

Severance indemnities and short-term employee benefits

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

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

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

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

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

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

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

Retirement benefit obligations

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

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

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

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

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

a) Benefits transferable to SSF

The first paragraph of the provisional Article 23 of Banking Law No. 5411, published in the Official Gazette on 1 November 2005, No. 25983, which requires the transfer of the members of the funds subject to the provisional Article 20 of the Social Security Law No.506, and the persons who are paid under insurance coverage for disablement, old-age and mortality and their right-holders to the SSF within three years following the effective date of the related article was cancelled with the decision of the Constitutional Court dated 22 March 2007, No. 2007/33. The reasoned ruling regarding the cancellation of the Constitutional Court was published in the Official Gazette No. 26731, dated 15 December 2007. The Constitutional Court stated that the reason behind this cancellation was the possible loss of antecedent rights of the fund members. Following the publication of the verdict, the Turkish Grand National Assembly (“Turkish Parliament”) started to work on the new legal arrangements by taking the cancellation reasoning into account and the Articles of the Law No.5754 regulating the principles related with such transfers were accepted and approved by Turkish Parliament on 17 April 2008, and enacted on 8 May 2008 after being published in the Official Gazette No.26870.

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

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

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

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

b) Other benefits not transferable to SSF

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

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

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

3.18 Insurance technical reserves and technical income and expense

3.18.1 Insurance technical reserves

The Group's insurance subsidiaries adopted TFRS 4, Insurance Contracts ("TFRS 4"). TFRS 4 requires that all contracts issued by insurance companies be classified as either insurance contracts or investment contracts. Contracts with significant insurance risk are considered insurance contracts. Insurance risk is defined as risk, other than financial risk, transferred from the holder of a contract to the issuer. TFRS 4 permits a company to continue with its previously adopted accounting policies with regard to recognition and measurement of insurance contracts. Only in case of presentation of more reliable figures a change in accounting policy shall be carried out. Contracts issued by insurance companies without significant insurance risk are considered investment contracts. Investment contracts are accounted for in accordance with TFRS 9 Financial Instruments standard.

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

3.18.2 Insurance technical income and expense

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

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

3.19 Taxation

3.19.1 Corporate tax

While corporate earnings are subject to corporate tax at the rate of 20% in Turkey; in accordance with the regulation introduced by the Law No. 7316 on the "Procedure for Collection of Public Receivables and the Law Amending Some Laws", this rate has been determined to be applied as 25% for the corporate earnings for the taxation periods of 2021 and as 23% for the corporate earnings for the taxation periods of 2022. This rate is applied to tax base which is calculated by adding certain non-deductible expenses for tax purposes and deducting certain exemptions (like dividend income) and other deductions on accounting income. If there is no dividend distribution, no further tax charges are made.

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

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

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

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

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

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

As of 31 March 2022, the prevailing corporate tax rate is as 23% in Turkey. However, as per the Article 26 of the Law No. 7394 on the "Law on Evaluation of Immovable Property Owned by the Treasury and Amendment to the Value Added Tax Law" and as per added first sentence to the temporary Article 13 of the Law No. 5520 on the "Corporate Tax Law" published in the Official Gazette No. 31810 dated 15 April 2022, the corporate tax rate will be applied as 25% for the corporate earnings for the taxation period of 2022. Since the tax rate change is effective as of 15 April 2022 and 23% was used as the tax rate in the current tax and deferred tax calculations in the financial statements as of 31 March 2022.

Tax applications for foreign branches

NORTHERN CYPRUS

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

MALTA

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

Tax applications for foreign financial subsidiaries

THE NETHERLANDS

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

ROMANIA

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

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

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

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

3.19.2 Deferred taxes

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

As explained in Note 3.19.1, the corporate tax has been determined as 25% for the corporate earnings for the taxation periods of 2021 and as 23% for the corporate earnings for the taxation periods of 2022. As the deferred tax assets or liabilities within the scope of TAS 12 are calculated based on the tax rates (and tax laws) that are effective or close to be effective as of the end of the reporting period (balance sheet date), using the tax rates expected to be applied in the periods when assets are converted into income or liabilities are paid, as of 31 March 2022, the Bank and evaluated their assets and liabilities according to their maturities and calculated deferred tax at the rate of 23% or 20% corresponding to the relevant maturities.

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

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

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

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

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

3.19.3 Transfer pricing

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

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

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

3.20 Funds borrowed

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

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

3.21 Share and share issuances

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

3.22 Confirmed bills of exchange and acceptances

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

3.23 Government incentives

As of 31 March 2022, the Bank or its financial subsidiaries do not have any government incentives or grants (2021: None).

3.24 Segment reporting

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

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

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

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

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

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

<i>Current Period</i>	Retail Banking	Corporate Banking	Investment Banking	Other	Total Operations
Net Interest Income	3,268,363	4,364,747	5,032,675	1,578,048	14,243,833
Net Fees And Commissions Income	2,148,331	909,370	(28,159)	176,501	3,206,043
Dividend Income	-	-	-	14,049	14,049
Net Trading Income/Losses (Net)	126,969	1,937,434	(1,042,485)	1,371,638	2,393,556
Other Operating Income (*)	89,001	23,389	7,986	976,668	1,097,044
Expected Credit Losses (-) (*)	(306,764)	(2,843,390)	(270,556)	(59,860)	(3,480,570)
Other Provisions (-)	43	-	-	(1,129,743)	(1,129,700)
Other Operating Expenses (-)	(2,364,184)	(1,062,721)	(194,379)	(1,664,239)	(5,285,523)
Income/Loss From Investments Under Equity Accounting	-	-	-	270,823	270,823
Net Operating Profit	2,961,759	3,328,829	3,505,082	1,533,885	11,329,555
Provision for Taxes	-	-	-	(3,066,941)	(3,066,941)
Net Profit	2,961,759	3,328,829	3,505,082	(1,533,056)	8,262,614
Segment Assets	136,395,898	406,721,992	301,740,482	107,088,332	951,946,704
Investments in Associates and Subsidiaries	-	-	-	1,400,451	1,400,451
Total Assets	136,395,898	406,721,992	301,740,482	108,488,783	953,347,155
Segment Liabilities	427,535,905	246,807,660	114,966,415	67,071,769	856,381,749
Shareholders' Equity	-	-	-	96,965,406	96,965,406
Total Liabilities and Shareholders' Equity	427,535,905	246,807,660	114,966,415	164,037,175	953,347,155

<i>Prior Period</i>	Retail Banking	Corporate Banking	Investment Banking	Other	Total Operations
Net Interest Income	1,977,780	2,160,842	681,020	2,025,061	6,844,703
Net Fees And Commissions Income	1,222,667	682,759	(30,818)	192,611	2,067,219
Dividend Income	-	-	-	3,215	3,215
Net Trading Income/Losses (Net)	30,322	1,069,279	(1,209,501)	356,271	246,371
Other Operating Income (*)	81,508	38,849	8,890	490,896	620,143
Expected Credit Losses (-) (*)	(604,041)	(2,052,426)	327,246	15,239	(2,313,982)
Other Provisions (-)	-	-	-	(974,854)	(974,854)
Other Operating Expenses (-)	(1,430,094)	(631,476)	(75,082)	(1,142,684)	(3,279,336)
Income/Loss From Investments Under Equity Accounting	-	-	-	153,145	153,145
Net Operating Profit	1,278,142	1,267,827	(298,245)	1,118,900	3,366,624
Provision for Taxes	-	-	-	(669,148)	(669,148)
Net Profit	1,278,142	1,267,827	(298,245)	449,752	2,697,476
Segment Assets	128,579,825	338,318,866	288,773,971	93,638,414	849,311,076
Investments in Associates and Subsidiaries	-	-	-	1,164,524	1,164,524
Total Assets	128,579,825	338,318,866	288,773,971	94,802,938	850,475,600
Segment Liabilities	382,451,220	214,336,989	117,710,797	55,675,740	770,174,745
Shareholders' Equity	-	-	-	80,300,855	80,300,855
Total Liabilities and Shareholders' Equity	382,451,220	214,336,989	117,710,797	135,976,594	850,475,600

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

3.25 Profit reserves and profit appropriation

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

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

In the ordinary General Assembly Meeting dated 31 March 2021, a decision is made regarding distribution of the unconsolidated net profit of the Bank amounting to TL 6,238,003, and the table considering the distribution made based on the decision is presented in Note 6.2.

3.26 Earnings per share

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

	<i>Current Period</i>	<i>Prior Period</i>
Distributable net profit	8,215,682	2,665,831
Average number of issued common shares (thousand)	420,000,000	420,000,000
Earnings per share (amounts presented full TL)	0.01956	0.00635

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

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

3.27 Related parties

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

3.28 Cash and cash equivalents

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

3.29 Other disclosures

3.29.1 Changes in prior period financial statements

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

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

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

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

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

31 March 2021	Reported	Correction		Restated
		TAS 27	Classification	
Unconsolidated Financial Associates	-	-	24,488	24,488
Unconsolidated Non-Financial Associates	120,632	619,654	(24,488)	715,798
Total Assets	568,834,636	619,654	-	569,454,290
Other Comprehensive Income/expense Items to be Recycled to Profit/loss	2,775,680	(69,059)	-	2,706,621
Foreign Currency Conversion Adjustments	5,729,465	1,204	-	5,730,669
Other	(2,333,664)	(70,263)	-	(2,403,927)
Prior Periods' Profit/loss	-	535,568	-	535,568
Net Profit/Loss	2,512,686	153,145	-	2,665,831
Total Liabilities	568,834,636	619,654	-	569,454,290
Income/Loss From Investments Under Equity Accounting	-	153,145	-	153,145
Net Profit/Loss	2,512,686	153,145	-	2,665,831
31 December 2020	Reported	Correction		Restated

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

Parent Bank reconsidered the amount of "Net Increase (Decrease) in Loans Received" shown under "Changes in Assets and Liabilities Subject to Banking Activities" in the cash flow statement, and recalculated the cash flows from syndication, securitization and special purpose loans, which it associated with financing activities, classidied as "Net Cash from Financing Activities". In order to comply with the cash flow statement dated 31 March 2022, between the lines of "Net Increase (Decrease) in Loans Received" and "Cash from Loans and Securities Issued" and "Cash Outflow from Loans and Securities Issued" reclassification transactions were made 3,574,192 TL and 1,023,477 TL, respectively in the cash flow statement dated 31 March 2021.

4 Consolidated Financial Position and Results of Operations and Risk Management

4.1 Consolidated total capital

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

4.1.1 Components of consolidated total capital (*)

	Current Period	Prior Period
COMMON EQUITY TIER I CAPITAL		
Paid-in Capital to be Entitled for Compensation after All Creditors	4,972,554	4,972,554
Share Premium	11,880	11,880
Reserves	63,659,509	51,937,355
Other Comprehensive Income according to TAS	27,049,903	16,899,492
Profit	9,238,140	14,015,592
Current Period's Profit	8,215,682	13,466,741
Prior Periods' Profit	1,022,458	548,851
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	7,735	6,701
Minority Interest	152,606	124,462
Common Equity Tier I Capital Before Deductions	105,092,327	87,968,036
Deductions From Common Equity Tier I Capital		
Valuation adjustments calculated as per the Article 9. (i) of the Regulation on Bank Capital	-	-
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	6,819,929	6,241,690
Leasehold Improvements on Operational Leases (-)	89,335	98,448
Goodwill Netted with Deferred Tax Liabilities	-	-
Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights	991,111	939,500
Net Deferred Tax Asset/Liability (-)	-	-
Differences arise when assets and liabilities not held at fair value, are subjected to cash flow hedge accounting	-	-
Total credit losses that exceed total expected loss calculated according to the Regulation on Calculation of Credit Risk by Internal Ratings Based Approach	-	-
Securitization gains	-	-
Unrealized gains and losses from changes in bank's liabilities' fair values due to changes in creditworthiness	-	-
Net amount of defined benefit plans	-	-
Direct and Indirect Investments of the Bank on its own Tier I Capital (-)	-	-
Shares Obtained against Article 56, Paragraph 4 of the Banking Law (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Mortgage Servicing Rights Exceeding the 10% Threshold of Tier I Capital (-)	-	-
Net Deferred Tax Assets arising from Temporary Differences Exceeding the 10% Threshold of Tier I Capital (-)	-	-
Amount Exceeding the 15% Threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-

	<i>Current Period</i>	<i>Prior Period</i>
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital not deducted from Tier I Capital (-)	-	-
Excess Amount arising from Mortgage Servicing Rights (-)	-	-
Excess Amount arising from Deferred Tax Assets from Temporary Differences (-)	-	-
Other items to be Defined by the BRSA (-)	-	-
Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals (-)	-	-
Total Deductions from Common Equity Tier I Capital	7,900,375	7,279,638
Total Common Equity Tier I Capital	97,191,952	80,688,398
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity Tier I Capital and the Related Share Premiums	-	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	-	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-	-
Shares of Third Parties in Additional Tier I Capital	-	-
Shares of Third Parties in Additional Tier I Capital (Covered by Temporary Article 3)	-	-
Additional Tier I Capital before Deductions	-	-
Deductions from Additional Tier I Capital		
Direct and Indirect Investments of the Bank on its own Additional Tier I Capital (-)	-	-
Investments in Equity Instruments Issued by Banks or Financial Institutions Invested in Bank's Additional Tier I Capital and Having Conditions Stated in the Article 7 of the Regulation	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital (-)	-	-
Other items to be defined by the BRSA (-)	-	-
Items to be Deducted from Tier I Capital During the Transition Period		
Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
Net Deferred Tax Asset/Liability not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
Deduction from Additional Tier I Capital when there is not enough Tier II Capital (-)	-	-
Total Deductions from Additional Tier I Capital	-	-
Total Additional Tier I Capital	-	-
Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)	97,191,952	80,688,398
TIER II CAPITAL		
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	11,912,380	10,822,630
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-	-
Provisions (Amounts explained in the first paragraph of the Article 8 of the Regulation on Bank Capital)	6,672,584	6,191,880
Total Deductions from Tier II Capital	18,584,964	17,014,510
Deductions from Tier II Capital		
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-	-
Investments in equity instruments issued by Banks and Financial Institutions Invested in Bank's Tier II Capital and having conditions stated in the Article 8 of the Regulation	-	-

	<i>Current Period</i>	<i>Prior Period</i>
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Other items to be defined by the BRSA (-)	-	-
Total Deductions from Tier II Capital	-	-
Total Tier II Capital	18,584,964	17,014,510
Total Equity (Total Tier I and Tier II Capital)	115,776,916	97,702,908
Total Tier I Capital and Tier II Capital (Total Equity)		
Loans Granted against the Articles 50 and 51 of the Banking Law (-)	268	75
Other items to be Defined by the BRSA (-)	1,801	2,909
Items to be Deducted from the Sum of Tier I and Tier II Capital (Capital) during the Transition Period		
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-	-
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital, of the Net Deferred Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation (-)	-	-
CAPITAL		
Total Capital (Total of Tier I Capital and Tier II Capital)	115,774,847	97,699,924
Total Risk Weighted Assets	649,136,139	585,131,580
CAPITAL ADEQUACY RATIOS		
Consolidated CET1 Capital Ratio (%)	14.97	13.79
Consolidated Tier I Capital Ratio (%)	14.97	13.79
Consolidated Capital Adequacy Ratio (%)	17.84	16.70
BUFFERS		
Total Additional CET1 Capital Requirement Ratio (a+b+c)	4.13	4.14
a) Capital Conservation Buffer Ratio (%)	2.50	2.50
b) Bank-specific Counter-Cyclical Capital Buffer Ratio (%)	0.13	0.14
c) Systemically Important Banks Buffer Ratio (%)	1.50	1.50
Additional CET1 Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation (%)	6.97	5.79
Amounts Lower Than Excesses as per Deduction Rules		
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	-	-
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital	-	-
Remaining Mortgage Servicing Rights	-	-
Net Deferred Tax Assets arising from Temporary Differences	8,917,492	4,420,046

	<i>Current Period</i>	<i>Prior Period</i>
Limits for Provisions Used in Tier II Capital Calculation		
General Loan Provisions for Exposures in Standard Approach (before limit of one hundred and twenty five per ten thousand)	21,664,327	19,206,297
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	6,672,584	6,191,880
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach	-	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0.6% Risk Weighted Assets	-	-
Debt Instruments Covered by Temporary Article 4 (effective between 1.1.2018-1.1.2022)		
Upper Limit for Additional Tier I Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-
Upper Limit for Additional Tier II Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-

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

Within the scope of the measures announced by the BRSA on 21 December, 2021, the amount subject to credit risk shall be calculated by using the simple arithmetic average of the Central Bank's foreign exchange buying rates for the last 252 business days before the calculation date and negative revaluation differences of the securities classified under “Financial Assets Measured at Fair Value through Other Comprehensive Income” are not included in capital calculation.

As of 31 March 2022, the amount subject to credit risk in calculating the regulatory capital adequacy ratio was calculated by taking into account the simple arithmetic average of the Central Bank's foreign exchange buying rates for the last 252 business days before the calculation date. If the specified measure is not taken into account, the consolidated capital adequacy ratio is 14.83% as of 31 March 2022.

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

4.1.2 Items included in capital calculation

<i>Current Period</i>	<i>Information about instruments included in total capital calculation</i>		
Issuer	T. Garanti Bankası A.Ş.	T. Garanti Bankası A.Ş.	T. Garanti Bankası A.Ş.
Identifier (CUSIP, ISIN vb.)	Reg S: ISIN: XS1617531063 Common Code: 161753106 144A: CUSIP: 900148 AE7 ISIN: US900148AE73 Common Code: 161752479	ISIN: TRSGRANE2915	ISIN: TRSGRAN23013
Governing law (s) of the instrument	Subject to English Law and in terms of certain articles to Turkish Regulations. It is issued within the scope of the Communiqué VII-128.8 on Debt Instruments of the Capital Markets Board and the Regulation on Bank Capital of the BRSA.	It is subject to English Law and in terms of certain articles to Turkish Regulations. It is also issued within the scope of the “Regulation on Equities of Banks” and “the Communiqué Regarding the Capital Instruments that will be included in own funds of banks” within the legislation of Capital Markets Board of Turkey.	It is subject to English Law and in terms of certain articles to Turkish Regulations. It is also issued within the scope of the “Regulation on Equities of Banks” and “the Communiqué Regarding the Capital Instruments that will be included in own funds of banks” within the legislation of Capital Markets Board of Turkey.
Regulatory treatment			
Subject to 10% deduction as of 1/1/2015	No	No	No
Eligible on unconsolidated and /or consolidated basis	Eligible on unconsolidated and consolidated	Eligible on unconsolidated and consolidated	Eligible on unconsolidated and consolidated
Instrument type	Subordinated debt instruments (Notes)	Subordinated debt instruments (Notes)	Subordinated debt instruments (Notes)
Amount recognized in regulatory capital (Currency in TL million, as of most recent reporting date)	10,910 (31 December 2020: 5,535)	253 (31 December 2020: 253)	750 (31 December 2020: 750)
Nominal value of instrument (TL million)	10,910 (31 December 2020: 5,535)	253 (31 December 2020: 253)	750 (31 December 2020: 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	Yes	Yes	Yes
Optional call date, contingent call dates and redemption amount	24.05.2022 – USD 750,000,000	07.10.2024 – TL 252,880,000	14.02.2025 – TL 750,000,000
Subsequent call dates, if applicable	-	-	-
Interest/dividend payment			
Fixed or floating coupon/dividend payments	Fixed	Floating	Floating
Coupon rate and any related index	6.1250%	TLREF + 130 bps	TLREF + 250 bps
Existence of any dividend payment restriction	None	None	None
Fully discretionary, partially discretionary or mandatory	-	-	-

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

4.1.3 Reconciliation of capital items to balance sheet

<i>Current Period</i>	<i>Carrying value</i>	<i>Amount of correction</i>	<i>Value of the capital report</i>	<i>Explanation of differences</i>
Paid-in Capital	4,200,000	772,554	4,972,554	Inflation adjustments included in Paid-in Capital according to Regulation's Temporary Article 1
Capital Reserves	784,434	(772,554)	11,880	Inflation adjustments included in Paid-in Capital according to Regulation's Temporary Article 1
<i>Other Capital Reserves</i>	772,554	(772,554)	-	Inflation adjustments included in Paid-in Capital according to Regulation's Temporary Article 1
<i>Bonus Shares of Associates, Subsidiaries and Joint-Ventures</i>	-	-	-	
<i>Share Premium</i>	11,880	-	11,880	
Other Comprehensive Income/Expenses in Shareholders' Equity as per TMS	18,776,667	1,461,042	20,237,709	Items not included in the calculation as per Regulation's Article 9-1-f and Gain on sale of associate/subsidiaries' shares and real estate classified as different in the value of the capital report
<i>Other Comprehensive Income/Expense Items not to be Recycled to Profit/Loss</i>	3,106,412	-	3,106,412	
<i>Other Comprehensive Income/Expense Items to be Recycled to Profit/Loss</i>	15,670,255	1,461,042	17,131,297	Items not included in the calculation as per Regulation's Article 9-1-f
Profit Reserves	63,659,509	-	63,659,509	
Profit or Loss	9,238,140	-	9,238,140	
<i>Prior Periods' Profit/Loss</i>	1,022,458	-	1,022,458	
<i>Current Period Net Profit/Loss</i>	8,215,682	-	8,215,682	
Minority Interest	306,656	(154,050)	152,606	Items are calculated as per Regulation's Article 12
Deductions from Common Equity Tier I Capital (-)	-		1,080,446	Deductions from Common Equity Tier 1 Capital as per the Regulation
Common Equity Tier I Capital	96,965,406		97,191,952	
Subordinated Debts			-	
Deductions from Tier I Capital (-)			-	Deductions from Tier 1 Capital as per the Regulation
Tier I Capital			97,191,952	
Subordinated Debts			11,912,380	
12 Month ECL (Stage 1) and Lifetime ECL Significant Increase in Credit Risk (Stage 2)			6,672,584	Stage 1 and Stage 2 expected credit losses added to Tier II Capital as per the Regulation's Article 8
Deductions from Tier II Capital (-)			-	Deductions from Tier II Capital as per the Regulation
Tier II Capital			18,584,964	
Deductions from Total Capital (-)			2,069	Deductions from Capital as per the Regulation
Total			115,774,847	

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

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

4.2 Consolidated credit risk

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

4.3 Consolidated currency risk

Foreign currency open position limit is set in compliance with the legal standard ratio of net foreign currency position. As of 31 March 2022, the Bank and its financial subsidiaries’ net ‘on balance sheet’ foreign currency open position amounts to TL 65,127,803 (31 December 2021: TL 71,043,420), net ‘off-balance sheet’ foreign currency close position amounts to TL 84,917,041 (31 December 2021: TL 88,349,221), while net foreign currency close position amounts to TL 19,789,238 (31 December 2021: TL 17,305,801).

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

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

	EUR	USD
The Bank’s foreign currency purchase rate at balance sheet date	16.1740	14.5460
<u>Foreign currency rates for the days before balance sheet date:</u>		
Day 1	16.2050	14.5160
Day 2	16.1140	14.5180
Day 3	16.1240	14.6950
Day 4	16.1990	14.7050
Day 5	16.1520	14.6910
Last 30-days arithmetical average rate	15.9590	14.4897

The Bank's consolidated currency risk

	EUR	USD	Other FCs	Total
Current Period				
Assets				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	30,493,789	44,765,342	22,027,302	97,286,433
Banks	27,184,037	32,371,967	3,890,869	63,446,873
Financial Assets Measured at Fair Value through Profit/Loss	134,701	1,242,856	-	1,377,557
Money Market Placements	1,257,674	3,331,914	-	4,589,588
Financial Assets Measured at Fair Value through Other Comprehensive Income	8,455,442	10,774,969	3,444,720	22,675,131
Loans ^(*)	118,222,010	123,170,152	20,938,854	262,331,016
Investments in Associates, Subsidiaries and Joint-Ventures	9,781	-	50,501	60,282
Financial Assets Measured at Amortised Cost	321,004	31,322,680	-	31,643,684
Derivative Financial Assets Held for Hedging Purpose	35,182	452,250	-	487,432
Tangible Assets	498,794	353	304,110	803,257
Intangible Assets ^(**)	-	-	-	-
Other Assets ^(***)	(485,666)	1,304,783	(259,532)	559,585
Total Assets	186,126,748	248,737,266	50,396,824	485,260,838
Liabilities				
Bank Deposits	2,831,919	824,947	265,109	3,921,975
Foreign Currency Deposits	142,222,643	214,516,467	27,734,417	384,473,527
Money Market Funds	4,804,918	1,548,414	350	6,353,682
Other Fundings	18,691,092	23,573,417	791,757	43,056,266
Securities Issued ^(****)	986,714	57,440,469	153,170	58,580,353
Miscellaneous Payables	2,511,500	1,643,952	322,438	4,477,890
Derivative Financial Liabilities Held for Hedging Purpose	24,232	173,680	-	197,912
Other Liabilities ^(*****)	2,503,084	9,722,502	37,101,450	49,327,036
Total Liabilities	174,576,102	309,443,848	66,368,691	550,388,641
Net 'On Balance Sheet' Position	11,550,646	(60,706,582)	(15,971,867)	(65,127,803)
Net 'Off-Balance Sheet' Position	(1,207,151)	64,451,737	21,672,455	84,917,041
Derivative Assets	26,131,884	134,129,305	26,534,593	186,795,782
Derivative Liabilities	27,339,035	69,677,568	4,862,138	101,878,741
Non-Cash Loans	-	-	-	-
Prior Period				
Total Assets	169,414,297	232,150,225	47,117,890	448,682,412
Total Liabilities	160,312,584	298,453,338	60,959,910	519,725,832
Net 'On Balance Sheet' Position	9,101,713	(66,303,113)	(13,842,020)	(71,043,420)
Net 'Off-Balance Sheet' Position	49,280	69,118,019	19,181,922	88,349,221
Derivative Assets	26,176,321	127,291,816	22,185,274	175,653,411
Derivative Liabilities	26,127,041	58,173,797	3,003,352	87,304,190
Non-Cash Loans	-	-	-	-

^(*) The foreign currency-indexed loans amounting TL 351,697 included under TL loans in the accompanying consolidated financial statements are presented above under the related foreign currency code.

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

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

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

^(*****) The gold deposits of TL 36,421,397 included under deposits in the accompanying consolidated financial statements are presented above under other liabilities.

4.4 Consolidated interest rate risk

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

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

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

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

<i>Current Period</i>	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing ^(*)	Total
Assets							
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	63,882,057	-	-	-	-	67,409,667	131,291,724
Banks	17,827,492	85,956	63,937	4,441	68,130	46,539,548	64,589,504
Financial Assets Measured at Fair Value through Profit/Loss	132,974	200,826	63,438	479,262	514,568	2,246,220	3,637,288
Money Market Placements	15,482,620	3,331,352	-	-	-	4,943	18,818,915
Financial Assets Measured at Fair Value through Other Comprehensive Income	3,119,969	10,263,975	16,437,086	18,197,083	4,729,499	20,108,821	72,856,433
Loans	158,980,277	106,906,188	150,197,012	117,047,921	32,760,812	19,282,801	585,175,011
Financial Assets Measured at Amortised Cost	4,052,806	4,716,532	8,175,140	28,375,431	4,906,889	9,206,758	59,433,556
Other Assets ^(**)	10,844	166,059	80,585	72,153	9,600	17,205,483	17,544,724
Total Assets	263,489,039	125,670,888	175,017,198	164,176,291	42,989,498	182,004,241	953,347,155
Liabilities							
Bank Deposits	1,208,521	879	186,051	7,817	-	2,980,626	4,383,894
Other Deposits	223,077,274	63,476,858	62,290,672	4,982,239	-	297,755,445	651,582,488
Money Market Funds	1,935,724	490,348	6,135,417	186,548	-	10,462	8,758,499
Miscellaneous Payables	-	-	-	-	-	32,645,025	32,645,025
Securities Issued ^(***)	9,069,195	2,917,989	17,629,654	3,461,045	28,673,630	584,631	62,336,144
Other Fundings	540,440	32,259,224	10,494,955	2,930,298	34,028	113,205	46,372,150
Other Liabilities	24,900	53,602	156,315	563,693	118,364	146,352,081	147,268,955
Total Liabilities	235,856,054	99,198,900	96,893,064	12,131,640	28,826,022	480,441,475	953,347,155
On Balance Sheet Long Position	27,632,985	26,471,988	78,124,134	152,044,651	14,163,476	-	298,437,234
On Balance Sheet Short Position	-	-	-	-	-	(298,437,234)	(298,437,234)
Off-Balance Sheet Long Position	37,981,783	62,049,694	19,750,971	20,784,344	26,014,205	-	166,580,997
Off-Balance Sheet Short Position	18,209,817	49,151,847	26,515,136	43,916,694	28,126,740	-	165,920,234
Total Position	83,824,585	137,673,529	124,390,241	216,745,689	68,304,421	(298,437,234)	332,501,231

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

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

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

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

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

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

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

4.4.2 Average interest rates on monetary financial instruments (%)

Current Period	EURO	USD	JPY	TL
Assets				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	(0.97)	(0.93)	-	7.20
Banks	(0.50)-0.30	0.15-12.50	-	12.00-17.75
Financial Assets at Fair Value through Profit/Loss	4.63	6.54-10.00	-	4.50-19.65
Money Market Placements	(0.68)-(0.60)	0.06	-	12.69
Financial Assets Measured at Fair Value through Other Comprehensive Income	0.01-4.64	4.38-11.88	-	14.90-27.21
Loans (*)	0.20-15.00	0.66-15.00	-	11.00-37.30
Financial Assets Measured at Amortised Cost	4.08	5.69	-	18.17-22.03
Liabilities				
Bank Deposits	(0.58)-0.10	0.28-0.85	-	11.16
Other Deposits	(0.75)-4.50	0.01-3.70	-	6.00-16.25
Money Market Fundings	(0.50)	1.99-2.62	-	4.71-24.00
Miscellaneous Payables	-	-	-	-
Securities Issued	5.27	5.76	-	16.18-23.50
Other Fundings	0.68-4.46	0.60-6.20	-	8.60-30.45

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

(*) Lease receivables and factoring receivables are included.

4.5 Consolidated position risk of equity securities

4.5.1 Equity shares in associates and subsidiaries

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

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

<i>Current Period</i>		Comparison		
Equity Securities (shares)		Carrying Value	Fair Value	Market Value
1	Investment in Shares- Grade A	1,373,010	-	-
	Quoted Securities	-	-	-
2	Investment in Shares- Grade B	25,557	-	-
	Quoted Securities	-	-	-
3	Investment in Shares- Grade C	822	-	-
	Quoted Securities	-	-	-
4	Investment in Shares- Grade D	-	-	-
	Quoted Securities	-	-	-
5	Investment in Shares- Grade E	1,014	-	-
	Quoted Securities	-	-	-
6	Investment in Shares- Grade F	48	-	-
	Quoted Securities	-	-	-

<i>Prior Period</i>		Comparison		
Equity Securities (shares)		Carrying Value	Fair Value	Market Value
1	Investment in Shares- Grade A	1,147,249	-	-
	Quoted Securities	-	-	-
2	Investment in Shares- Grade B	25,557	-	-
	Quoted Securities	-	-	-
3	Investment in Shares- Grade C	822	-	-
	Quoted Securities	-	-	-
4	Investment in Shares- Grade D	-	-	-
	Quoted Securities	-	-	-
5	Investment in Shares- Grade E	1,014	-	-
	Quoted Securities	-	-	-
6	Investment in Shares- Grade F	48	-	-
	Quoted Securities	-	-	-

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

Current Period		Gains/Losses in Current Period	Revaluation Surpluses		Unrealized Gains and Losses		
Portfolio			Total	Amount in Tier I Capital	Total	Amount in Core Capital	Amount in Tier I Capital
1	Private Equity Investments	-	-	-	-	-	-
2	Quoted Shares	-	-	-	53,956	-	53,956
3	Other Shares	-	66,569	66,569	-	-	-
	Total	-	66,569	66,569	53,956	-	53,956

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

4.5.4 Capital requirement as per equity shares

	<i>Current Period</i>			
	Portfolio	Carrying Value	RWA Total	Minimum Capital Requirement
1	Private Equity Investments	-	-	-
2	Quoted Shares	-	-	-
3	Other Shares	1,400,451	1,379,182	110,335
	Total	1,400,451	1,379,182	110,335

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

4.6 Liquidity risk management and consolidated liquidity coverage ratio

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4.6.1 Liquidity coverage ratio

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

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

High quality liquid assets consist of cash, deposits in central banks and securities considered as high quality liquid assets. Reserve deposits are included in high quality liquid assets, limited by the amount that is allowed by central bank to use in liquidity shortages. High quality liquid assets are composed of 7.59 % cash, 42.02 % deposits in central banks and 50.39 % securities considered as high quality liquid assets.

The Bank's main funding sources are deposits, funds borrowed, money market borrowings and securities issued. Consolidated funding source composition as of report date is 81.38 % deposits, 6.84 % funds borrowed and money market borrowings, 7.73 % securities issued and 4.05 % other liabilities.

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

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

Current Period		Total Unweighted Value (Average) ^(*)		Total Weighted Value (Average) ^(*)	
		TL+FC	FC	TL+FC	FC
High-Quality Liquid Assets				255,078,982	146,611,946
1	Total high-quality liquid assets (HQLA)	255,732,030	146,611,946	255,078,982	146,611,946
Cash Outflows					
2	Retail deposits and deposits from small business customers, of which:	426,105,782	289,906,856	39,890,550	28,892,186
3	Stable deposits	54,400,558	1,969,984	2,720,028	98,499
4	Less stable deposits	371,705,224	287,936,872	37,170,522	28,793,687
5	Unsecured wholesale funding, of which:	176,603,577	114,398,885	86,865,215	52,693,127
6	Operational deposits	-	-	-	-
7	Non-operational deposits	147,973,419	105,854,604	65,832,779	45,785,402
8	Unsecured funding	28,630,158	8,544,281	21,032,436	6,907,725
9	Secured wholesale funding	1,299,446	96,284	775,811	-
10	Other cash outflows of which:	245,072,879	95,353,436	43,150,532	37,195,939
11	Outflows related to derivative exposures and other collateral requirements	20,298,728	26,076,551	20,298,728	26,076,551
12	Outflows related to restructured financial instruments	-	-	-	-
13	Payment commitments and other off-balance sheet commitments granted for debts to financial markets	224,774,151	69,276,885	22,851,804	11,119,388
14	Other revocable off-balance sheet commitments and contractual obligations	7,158,898	6,112,654	357,945	305,633
15	Other irrevocable or conditionally revocable off-balance sheet obligations	41,178,104	40,592,941	2,058,905	2,029,646
16	Total Cash Outflows	897,418,686	546,461,056	173,098,958	121,116,531
Cash Inflows					
17	Secured receivables	57,717	-	-	-
18	Unsecured receivables	79,725,056	49,092,607	57,761,927	37,862,036
19	Other cash inflows	4,162,042	78,842,910	3,959,821	78,695,764
20	Total Cash Inflows	83,944,815	127,935,517	61,721,748	116,557,800
				Upper Limit Applied Values	
21	Total HQLA			255,078,982	146,611,946
22	Total Net Cash Outflows			111,377,210	30,279,133
23	Liquidity Coverage Ratio (%)			229.68%	478.78%

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

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

Period	TL+FC	FC
31 January 2022	229.13%	473.90%
28 February 2022	232.49%	502.16%
31 March 2022	227.41%	460.29%

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

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

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

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

4.6.2 Maturity analysis of liabilities according to remaining maturities

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed	Total
Current Period								
Assets								
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank	69,381,993	61,909,731	-	-	-	-	-	131,291,724
Banks	57,286,413	6,966,478	86,014	69,258	181,341	-	-	64,589,504
Financial Assets at Fair Value through Profit/Loss	2,217,151	6,379	4,399	62,936	808,536	514,316	23,571	3,637,288
Money Market Placements	-	15,486,996	3,331,919	-	-	-	-	18,818,915
Financial Assets Measured at Fair Value through Other Comprehensive Income	583,345	1,134,397	887,206	7,787,351	44,353,703	18,110,431	-	72,856,433
Loans	1,402,046	91,961,669	79,305,196	163,644,049	167,868,706	54,180,044	26,813,301	585,175,011
Financial Assets Measured at Amortised Cost	-	1,064,790	3,214	4,364,065	43,046,904	10,954,583	-	59,433,556
Other Assets (*)	11,429,704	3,202,197	1,823,650	2,713,968	2,282,892	1,494,454	(5,402,141)	17,544,724
Total Assets	142,300,652	181,732,637	85,441,598	178,641,627	258,542,082	85,253,828	21,434,731	953,347,155
Liabilities								
Bank Deposits	2,980,626	1,208,521	879	186,051	7,817	-	-	4,383,894
Other Deposits	323,240,024	199,014,216	64,333,486	60,896,453	4,075,587	22,722	-	651,582,488
Other Fundings	-	7,198,573	13,777,743	20,337,387	3,071,810	1,986,637	-	46,372,150
Money Market Funds	-	1,960,932	504,259	1,291,405	5,001,903	-	-	8,758,499
Securities Issued (**)	-	1,005,233	1,358,000	19,070,666	8,825,776	32,076,469	-	62,336,144
Miscellaneous Payables	30,772,175	611,673	96,696	90,245	5,515	317	1,068,404	32,645,025
Other Liabilities (***)	6,250,394	3,832,908	2,936,772	2,515,174	3,266,021	5,465,051	123,002,635	147,268,955
Total Liabilities	363,243,219	214,832,056	83,007,835	104,387,381	24,254,429	39,551,196	124,071,039	953,347,155
Liquidity Gap	(220,942,567)	(33,099,419)	2,433,763	74,254,246	234,287,653	45,702,632	(102,636,308)	-
Net Off-Balance Sheet Position	(82,268)	(1,015,975)	(848,183)	740,675	300,749	149,493	-	(755,509)
Derivative Financial Assets	(82,268)	132,464,504	61,032,518	24,518,811	13,825,510	2,642,453	-	234,401,528
Derivative Financial Liabilities	-	133,480,479	61,880,701	23,778,136	13,524,761	2,492,960	-	235,157,037
Non-Cash Loans	-	29,907,085	13,724,605	5,288,860	10,566,023	1,042,680	260,369,961	320,899,214
Prior Period								
Total Assets	130,403,443	190,329,990	71,068,472	155,828,079	216,680,848	74,329,238	11,835,530	850,475,600
Total Liabilities	326,286,800	235,411,557	57,148,234	63,352,219	31,605,980	38,424,310	98,246,500	850,475,600
Liquidity Gap	(195,883,357)	(45,081,567)	13,920,238	92,475,860	185,074,868	35,904,928	(86,410,970)	-
Net Off-Balance Sheet Position	-	6,407,754	1,459,290	768,271	968,276	(617,784)	-	8,985,807
Derivative Financial Assets	-	145,750,057	39,457,741	16,303,512	10,984,895	2,139,677	-	214,635,882
Derivative Financial Liabilities	-	139,342,303	37,998,451	15,535,241	10,016,619	2,757,461	-	205,650,075
Non-Cash Loans	-	24,010,835	9,559,544	2,948,144	9,011,501	945,538	228,057,449	274,533,011

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

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

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

4.6.3 Contractual maturity analysis of liabilities according to remaining maturities

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

4.7 Consolidated leverage ratio

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

The Bank’s consolidated leverage ratio calculated by taking average of end of month leverage ratios for the last three-month periods, is 7.01% (31 December 2021: 7.02%). While the capital increased by 17.09 % mainly as a result of increase in net profits, total risk amount increased by 15.89 %. Therefore, the current period leverage ratio decreased by 1 basis points compared to prior period.

		<i>Current Period^(***)</i>	<i>Prior Period^(***)</i>
1	Total assets in consolidated financial statements prepared in accordance with Turkish Accounting Standards (*) (**)	851,568,850	609,497,285
2	The difference between total assets prepared in accordance with Turkish Accounting Standards (*) and total assets in consolidated financial statements prepared in accordance with the Communiqué “Preparation of Consolidated Financial Statements” (**)	(2,171,539)	(1,710,160)
3	The difference between the amounts of derivative financial instruments and credit derivatives in consolidated financial statements prepared in accordance with the Communiqué “Preparation of Consolidated Financial Statements” and risk amounts of such instruments	(35,630,604)	(31,805,736)
4	The difference between the amounts of securities or commodity financing transactions in consolidated financial statements prepared in accordance with the Communiqué “Preparation of Consolidated Financial Statements” and risk amounts	56,936,409	59,248,686
5	The difference between the amounts of off-balance items in consolidated financial statements prepared in accordance with the Communiqué “Preparation of Consolidated Financial Statements” and risk amounts of such items	9,233,676	5,744,892
6	Other differences between the amounts in consolidated financial statements prepared in accordance with the Communiqué “Preparation of Consolidated Financial Statements” and risk amounts of such items	-	-
7	Total risk amount	1,254,176,178	1,082,551,995

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

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

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

	<i>Current Period^(*)</i>	<i>Prior Period^(*)</i>
On-balance sheet assets		
1 On-balance sheet items (excluding derivative financial instruments and credit derivatives but including collateral)	910,314,634	780,302,195
2 (Assets deducted in determining Tier I capital)	(1,076,507)	(936,855)
3 Total on-balance sheet risks (sum of lines 1 and 2)	909,238,127	779,365,340
Derivative financial instruments and credit derivatives		
4 Replacement cost associated with all derivative financial instruments and credit derivatives	8,504,317	18,547,128
5 Add-on amounts for PFE associated with all derivative financial instruments and credit derivatives	35,736,749	31,892,328
6 Total risks of derivative financial instruments and credit derivatives (sum of lines 4 and 5)	44,241,066	50,439,456
Securities or commodity financing transactions (SCFT)		
7 Risks from SCFT assets (excluding on-balance sheet)	1,985,980	2,020,270
8 Risks from brokerage activities related exposures	-	-
9 Total risks related with securities or commodity financing transactions (sum of lines 7 and 8)	1,985,980	2,020,270
Other off-balance sheet transactions		
10 Gross notional amounts of off-balance sheet transactions	307,944,681	256,471,821
11 (Adjustments for conversion to credit equivalent amounts)	(9,233,676)	(5,744,892)
12 Total risks of off-balance sheet items (sum of lines 10 and 11)	298,711,005	250,726,929
Capital and total risks		
13 Tier I capital	87,948,349	75,471,876
14 Total risks (sum of lines 3, 6, 9 and 12)	1,254,176,178	1,082,551,995
Leverage ratio		
15 Leverage ratio	%7.01	%7.02

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

4.8 Fair values of financial assets and liabilities

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

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

None.

4.10 Risk management objectives and policies

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

4.10.1 Risk management strategy and weighted amounts

4.10.1.1 Risk management strategy

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

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

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

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

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

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

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

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

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

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

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

- An overview, with a detailed analysis of core business lines, critical economic functions as well as its interconnectedness.
- A detailed explanation of the specific governance arrangements relating to the recovery plan, comprising its development, approval and integration in the overall corporate governance of the Bank.

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

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

4.10.1.2 Risk weighted amounts

		Risk Weighted Amounts		Minimum Capital Requirements
		Current Period	Prior Period	Current Period
1	Credit risk (excluding counterparty credit risk) (CCR) (*)	521,436,317	468,569,200	41,714 ,905
2	Of which standardised approach (SA)	521,436,317	468,569,200	41,714 ,905
3	Of which internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	12,332 ,581	26,751,943	986,606
5	Of which standardised approach for counterparty credit risk (SA-CCR)	12,332,581	26,751,943	986,606
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	37,835	29,268	3,027
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	43,677,738	34,619,138	3,494,219
17	Of which standardised approach (SA)	43,677,738	34,619,138	3,494,219
18	Of which internal model approaches (IMM)	-	-	-
19	Operational risk	71,651,668	55,162,031	5,732,133
20	Of which basic indicator approach	71,651,668	55,162,031	5,732,133
21	Of which standardised approach	-	-	-
22	Of which advanced measurement approach	-	-	-
23	Amounts below the thresholds for deduction from capital (subject to 250% risk weight)	-	-	-
24	Floor adjustment	-	-	-
25	Total (1+4+7+8+9+10+11+12+16+19+23+24)	649,136,139	585,131,580	51,930,890

(*) 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	2,252,679	17,003,901	1,916,282	14,818,119
Central Bank of Turkey	31,752,612	73,832,262	11,613,904	91,085,992
Others	-	6,450,270	-	4,489,337
Total	34,005,291	97,286,433	13,530,186	110,393,448

Balances with the Central Bank of Turkey

	Current Period		Prior Period	
	TP	FC	TP	FC
Unrestricted Demand Deposits	31,752,612	11,922,531	11,613,904	32,119,361
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	-	61,909,731	-	58,966,631
Total	31,752,612	73,832,262	11,613,904	91,085,992

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

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

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

Within the scope of the Communiqué No. 2021/14 on Supporting the Conversion of TL Deposit and Participation Accounts, the conversion rate from foreign currency deposit accounts in USD, EUR, GBP and participation fund accounts in foreign currency to time deposits and participation funds in TL as of the obligation date of April 15, 2022, it has been decided not to apply an annual commission of 1,5% to the banks that have reached the 10% level and the 20% level as of the September 2, 2022 obligation date, up to the amount to be kept for their required reserve liabilities until the end of 2022. The banks that could not meet the conversion rate of 10% separately for both individuals and corporations as of September 2, 2022, would be requested a commission of 3% starting from aforementioned date.

5.1.1.2 Banks

	Current Period		Prior Period	
	TP	FC	TP	FC
Banks				
Domestic banks	904,829	1,081,745	860,874	372,686
Foreign banks	237,802	62,365,128	489,746	57,480,237
Foreign head office and branches	-	-	-	-
Total	1,142,631	63,446,873	1,350,620	57,852,923

The placements at foreign banks include blocked accounts amounting TL 16,651,070 (31 December 2021: TL 20,499,346) of which TL 8,087,022 (31 December 2021: TL 5,937,765) kept at the central banks of Malta, TL 400,162 (31 December 2021: TL 368,848) kept at Turkish Republic of Northern Cyprus and TL 8,163,886 (31 December 2021: TL 14,192,733) kept at various banks as collateral.

Furthermore, there are restricted deposits at various domestic banks amounting TL 429,520 (31 December 2021: TL 566,270) as required for insurance activities.

Due from foreign banks

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

Receivables from reserve repo transactions

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Domestic Transactions	14,229,327	-	30,560,571	-
Central Bank of Turkey	-	-	-	-
Banks	14,229,327	-	30,235,884	-
Others	-	-	324,687	-
Foreign Transactions	-	4,589,588	-	3,347,068
Central banks	-	-	-	-
Banks	-	4,589,588	-	3,347,068
Others	-	-	-	-
Total	14,229,327	4,589,588	30,560,571	3,347,068

5.1.1.3 Expected credit losses for cash and cash equivalents

<i>Current Period</i>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
Balances at Beginning of Period	237,052	-	-	237,052
Additions during the Period (+)	524,781	2,042	-	526,823
Disposal (-)	(312,599)	-	-	(312,599)
Transfer to Stage1	-	-	-	-
Transfer to Stage 2	(15)	15	-	-
Transfer to Stage 3	-	-	-	-
Foreign Currency Differences	12,257	-	-	12,257
Balances at End of Period	461,476	2,057	-	463,533

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

5.1.2 Financial assets at fair value through profit/loss

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Collateralised/Blocked Assets	844	385,918	207,113	346,809
Assets Subject to Repurchase Agreements	-	-	-	-
Total	844	385,918	207,113	346,809

5.1.2.2 Financial assets measured at fair value through profit or loss

	Current Period		Prior Period	
	TL	FC	TL	FC
Government Securities	581,338	708,212	1,022,981	726,919
Equity Securities	1,655,134	90,977	1,027,247	99,701
Other Financial Assets (*)	23,259	578,368	841	4,961,344
Total	2,259,731	1,377,557	2,051,069	5,787,964

(*) As of 31 March 2022, Türk Telekomünikasyon A.Ş. owned by LYY Telekomünikasyon A.Ş. 192.500.000.000 Group A registered shares representing 55% of the capital were sold to the Turkey Wealth Fund, and as a result of the collection made from the sale amount, the portion of the related loan amounting to USD 324,997,068, corresponding to the Bank's share, was closed. As a result of the related transaction, the principal of the loan calculated 444,875,313 USD (31 December 2021: 769,872,381 USD).

5.1.3 Financial assets measured at fair value through other comprehensive income

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Collateralised/Blocked Assets	11,719,644	6,192,083	6,087,520	7,093,000
Assets subject to Repurchase Agreements	-	1,926,278	3,164,455	1,934,356
Total	11,719,644	8,118,361	9,251,975	9,027,356

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

	Current Period	Prior Period
Debt Securities	54,320,143	47,354,108
Quoted at Stock Exchange	54,320,143	47,354,108
Unquoted at Stock Exchange	-	-
Common Shares/Investment Fund	12,117	11,492
Quoted at Stock Exchange	4,491	4,491
Unquoted at Stock Exchange	7,626	7,001
Value Increase/Impairment Losses (-)	18,524,173	8,380,698
Total	72,856,433	55,746,298

Expected losses of TL 131,890 (31 December 2021: TL 52,353) are accounted under shareholders' equity for financial assets measured at fair value through other comprehensive income.

5.1.4 Derivative financial assets

5.1.4.1 Positive differences on derivative financial assets measured at FVTPL

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	435,750	61,498	815,864	28,818
Swap Transactions	3,807,477	3,221,900	13,545,112	2,312,911
Futures	50	1,834	-	-
Options	59,006	213,222	127,147	49,460
Others	-	3,328	-	585
Total	4,302,283	3,501,782	14,488,123	2,391,774

5.1.4.2 Positive differences on derivative financial instruments held for hedging purpose

Derivative Financial Assets Held for Hedging Purpose	Current Period		Prior Period	
	TL	FC	TL	FC
Fair Value Hedges	-	9,420	24,699	-
Cash Flow Hedges	604,959	481,332	785,592	99,881
Net Foreign Investment Hedges	-	-	-	-
Total	604,959	490,752	810,291	99,881

As of 31 March 2022, the face values and the net fair values, recognised in the balance sheet, of the derivative financial instruments held for hedging purpose, are summarized below:

	Current Period			Prior Period		
	Face Value	Asset	Liability	Face Value	Asset	Liability
Interest Rate Swaps	69,551,856	569,153	232,129	70,217,655	342,442	705,223
-TL	8,010,000	103,814	34,298	9,610,000	259,139	41,211
-FC	61,541,856	465,339	197,831	60,607,655	83,303	664,012
Cross Currency Swaps	1,447,901	426,119	21,013	3,488,320	439,357	62,957
-TL	173,727	424,324	-	241,643	437,676	-
-FC	1,274,174	1,795	21,013	3,246,677	1,681	62,957
Currency Forwards	966,584	78,345	10,294	1,173,459	117,291	3,984
-TL	190,371	76,821	-	305,650	113,476	-
-FC	776,213	1,524	10,294	867,809	3,815	3,984
Interest Rate Options	728,323	22,094	-	750,565	11,082	-
-TL	-	-	-	-	-	-
-FC	728,323	22,094	-	750,565	11,082	-
Total	72,694,664	1,095,711	263,436	75,629,999	910,172	772,164

5.1.4.3 Fair value hedge accounting

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

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

5.1.4.4 Cash flow hedge accounting

<i>Current Period</i>							
Hedging Item	Hedged Item	Type of Risk	Fair Value Change of Hedged Item		Gains/Losses Accounted under Shareholders' Equity in the Period	Gains/Losses Accounted under Income Statement in the Period	Ineffective Portion (net) Accounted under Income Statement
			Asset	Liability			
Interest Rate Swaps	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates	62,084	(12,371)	118,042	(28,358)	-
Interest Rate Swaps	Floating-rate deposit	Cash flow risk resulted from change in market interest rates	497,649	(57,426)	295,315	(101,297)	53,505
Cross Currency Swaps	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	387,435	-	(4,039)	(629)	26
Cross Currency Swaps	Fixed-rate funds borrowed	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	38,684	(21,013)	(573)	(1,227)	-
Currency Forwards	Mile payments	Cash flow risk resulted from foreign currency exchange rates	76,821	-	13,366	-	-
Currency Forwards	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	1,524	(10,294)	(8,184)	7,855	-
Interest Rate Options	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	22,094	-	(8,241)	-	-
Interest Rate Swaps	Floating-rate securities	Cash flow risk resulted from foreign currency exchange rates	-	(31,789)	6,365	1,291	(188)

(*) Consists of foreign currency items on the asset side of the balance sheet.

(**) Consists of foreign currency items on the liabilities side of the balance sheet.

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 53,100 and the amount recognized in equity is TL 3,974.

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

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 (63,349) and the amount recognized in equity is TL 73,422.

5.1.5 Loans

5.1.5.1 Loans and advances to shareholders and employees of the Bank

	Current Period		Prior Period	
	Cash Loans	Non-Cash Loans	Cash Loans	Non-Cash Loans
Direct Lendings to Shareholders	-	1,747,261	-	1,817,495
Corporates	-	1,747,261	-	1,817,495
Individuals	-	-	-	-
Indirect Lendings to Shareholders	90,618	8,105	84,500	189,593
Loans to Employees	611,670	87	577,456	72
Total	702,288	1,755,453	661,956	2,007,160

5.1.5.2 Performing loans and loans under follow-up including restructured loans, and provisions allocated for such loans

Loans measured at amortised cost

Current Period		Loans under Follow-up		
Cash Loans (*)	Performing Loans	Non-restructured	Restructured	
			Revised Contract Terms	Refinanced
Loans	460,050,746	43,126,406	25,265,789	19,614,353
Working Capital Loans	71,096,753	5,917,676	1,331,470	9,354,863
Export Loans	51,435,783	4,681,110	166,552	280,705
Import Loans	811,086	-	-	-
Loans to Financial Sector	22,318,183	154,574	-	-
Consumer Loans	90,475,148	8,518,019	2,450,432	71,511
Credit Cards	49,635,493	5,800,389	219,684	-
Others	174,278,300	18,054,638	21,097,651	9,907,274
Specialization Loans	-	-	-	-
Other Receivables	16,186,080	1,040,287	654,389	40,153
Total	476,236,826	44,166,693	25,920,178	19,654,506

(*) Non-performing loans are not included.

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

(*) Non-performing loans are not included.

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)	162,261,913	169,389,526	115,512,928	12,870,461	2,954,729	8,519,686	3,142,327	1,585,256	283,871,897	192,364,929
Loans under Follow-up (Stage 2)	16,572,539	55,706,930	14,290,178	1,436,898	167,279	1,566,794	759	-	31,030,755	58,710,622
Total Stage 1 and 2 Loans	178,834,452	225,096,456	129,803,106	14,307,359	3,122,008	10,086,480	3,143,086	1,585,256	314,902,652	251,075,551
Expected Credit losses-Stage 1-2 (-)	3,300,801	13,979,423	1,045,335	204,740	70,494	347,712	10,893	1,014	4,427,523	14,532,889
Total Non-performing Loans	5,030,191	9,583,230	3,061,945	431,349	153,638	867,442	47,266	21,747	8,293,040	10,903,768
Expected Credit losses-Stage 3 (-)	3,768,799	6,259,540	1,831,480	362,756	128,712	536,471	38,125	21,738	5,767,116	7,180,505

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

	Current Period		Prior Period	
	Performing Loans	Loans Under Follow-Up	Performing Loans	Loans Under Follow-Up
12-Month ECL (Stage 1)	3,746,344	-	2,937,910	-
Significant Increase in Credit Risk (Stage 2)	-	15,214,068	-	14,329,200

As of 31 March 2022, loans amounting to TL 5,311,030 are benefited as collateral under funding transactions (31 December 2021: TL 4,936,289).

Collaterals received for loans under follow-up

Current Period	Corporate / Commercial Loans	Consumer Loans	Credit Cards	Total
Loans Collateralized by Cash	2,682,814	27,783	-	2,710,597
Loans Collateralized by Mortgages / Shares/ Credit Guarantee Fund Sureties	28,326,380	2,254,406	-	30,580,786
Loans Collateralized by Pledged Assets	11,523,391	108,009	-	11,631,400
Loans Collateralized by Cheques and Notes	148,523	3,665	-	152,188
Loans Collateralized by Other Collaterals	19,126,635	6,164,775	-	25,291,410
Unsecured Loans	10,873,599	2,481,324	6,020,073	19,374,996
Total	72,681,342	11,039,962	6,020,073	89,741,377

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

Delinquency periods of loans under follow-up

<i>Current Period</i>	Corporate / Commercial Loans	Consumer Loans	Credit Cards	Total
31-60 days	292,453	929,613	202,977	1,425,043
61-90 days	294,009	281,021	81,223	656,253
Other	72,094,880	9,829,328	5,735,873	87,660,081
Total	72,681,342	11,039,962	6,020,073	89,741,377

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

5.1.5.3 Maturity analysis of cash loans

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

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

<i>Current Period</i>	Short-Term	Medium and Long-Term	Total
Consumer Loans – TL	3,202,897	80,056,725	83,259,622
Housing Loans	45,618	25,045,086	25,090,704
Automobile Loans	161,923	2,284,053	2,445,976
General Purpose Loans	2,995,356	52,727,586	55,722,942
Others	-	-	-
Consumer Loans – FC-indexed	-	153,975	153,975
Housing Loans	-	153,975	153,975
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Others	-	-	-
Consumer Loans – FC	2,540,110	10,921,810	13,461,920
Housing Loans	436,118	6,955,728	7,391,846
Automobile Loans	148	16,106	16,254
General Purpose Loans	703,990	2,309,313	3,013,303
Others	1,399,854	1,640,663	3,040,517
Retail Credit Cards – TL	41,480,750	183,001	41,663,751
With Installment	18,903,215	182,895	19,086,110
Without Installment	22,577,535	106	22,577,641
Retail Credit Cards – FC	691,482	1,655	693,137
With Installment	-	-	-
Without Installment	691,482	1,655	693,137
Personnel Loans – TL	47,410	186,254	233,664
Housing Loan	-	359	359
Automobile Loans	-	-	-
General Purpose Loans	47,410	185,895	233,305
Others	-	-	-
Personnel Loans - FC-indexed	-	-	-
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Others	-	-	-
Personnel Loans – FC	20,562	111,203	131,765
Housing Loans	5,210	61,458	66,668
Automobile Loans	-	-	-
General Purpose Loans	9,665	41,648	51,313
Others	5,687	8,097	13,784
Personnel Credit Cards – TL	216,355	532	216,887
With Installment	81,610	532	82,142
Without Installment	134,745	-	134,745
Personnel Credit Cards – FC	11,077	10	11,087
With Installment	-	-	-
Without Installment	11,077	10	11,087
Deposit Accounts– TL (Real Persons)	4,255,897	-	4,255,897
Deposit Accounts– TL (Personnel)	18,267	-	18,267
Deposit Accounts– FC (Real Persons)	-	-	-
Total	52,484,807	91,615,165	144,099,972

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

5.1.5.5 Installment based commercial loans and corporate credit cards

<i>Current Period</i>	Short-Term	Medium and Long-Term	Total
Installment-based Commercial Loans – TL	1,971,638	18,338,688	2,031,0326
Real Estate Loans	3,814	899,962	903,776
Automobile Loans	837,481	8,677,581	9,515,062
General Purpose Loans	1,130,343	8,761,145	9,891,488
Others	-	-	-
Installment-based Commercial Loans - FC-indexed	-	122,438	122,438
Real Estate Loans	-	38,786	38,786
Automobile Loans	-	1,520	1,520
General Purpose Loans	-	82,132	82,132
Others	-	-	-
Installment-based Commercial Loans – FC	6,826,492	9,646,680	16,473,172
Real Estate Loans	6,824,395	8,362,528	15,186,923
Automobile Loans	1,139	1,180,037	1,181,176
General Purpose Loans	958	104,115	105,073
Others	-	-	-
Corporate Credit Cards – TL	12,680,619	320,192	13,000,811
With Installment	6,505,494	320,184	6,825,678
Without Installment	6,175,125	8	6,175,133
Corporate Credit Cards – FC	69,893	-	69,893
With Installment	-	-	-
Without Installment	69,893	-	69,893
Deposit Accounts– TL (Corporates)	2,763,644	-	2,763,644
Deposit Accounts– FC (Corporates)	-	-	-
Total	24,312,286	28,427,998	52,740,284

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

5.1.5.6 Allocation of loans by customers (*)

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

5.1.5.7 Allocation of domestic and foreign loans (*)

	<i>Current Period</i>	<i>Prior Period</i>
Domestic Loans	496,691,053	428,416,741
Foreign Loans	69,287,150	62,701,365
Total	565,978,203	491,118,106

(*) Non-performing loans are not included.

5.1.5.8 Loans to associates and subsidiaries

	<i>Current Period</i>	<i>Prior Period</i>
Direct Lending	458,506	535,798
Indirect Lending	-	-
Total	458,506	535,798

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

	<i>Current Period</i>	<i>Prior Period</i>
Substandard Loans- Limited Collectability	1,277,941	1,226,102
Doubtful Loans	1,049,742	813,154
Uncollectible Loans	10,619,938	10,145,778
Total	12,947,621	12,185,034

5.1.5.10 Non-performing loans (NPLs) (net)

Non-performing loans and loans restructured from this category

	Group III Substandard Loans	Group IV Doubtful Loans	Group V Uncollectible Loans
<i>Current Period</i>			
(Gross amounts before provisions)	781,519	727,365	7,134,206
Restructured Loans and Receivables	781,519	727,365	7,134,206
<i>Prior Period</i>			
(Gross amounts before provisions)	503,797	435,067	6,454,052
Restructured Loans and Receivables	503,797	435,067	6,454,052

Movements in non-performing loan groups

	Group III Substandard Loans	Group IV Doubtful Loans	Group V Uncollectible Loans
<i>Current Period</i>			
Balances at End of Prior Period	2,228,286	1,489,971	14,626,239
Additions during the Period (+)	1,094,308	12,341	57,148
Transfer from Other NPL Categories (+)	18,135	994,906	559,269
Transfer to Other NPL Categories (-)	1,004,929	553,011	14,370
Collections during the Period (-)	263,194	175,639	703,581
Write down /Write-offs (-) ^(*)	146	-	140,339
Debt Sale (-) ^(**)	-	-	3,726
Corporate and Commercial Loans	-	-	3,726
Retail Loans	-	-	-
Credit Cards	-	-	-
Other ^(***)	-	-	(123,549)
Foreign Currency Differences	106,479	19,794	972,416
Balances at End of Period	2,178,939	1,788,362	15,229,507
Provisions (-)	1,277,941	1,049,742	10,619,938
Net Balance on Balance Sheet	900,998	738,620	4,609,569

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

(*)As of 31 March 2022, Bank's consolidated subsidiaries, has also written down "Group V Loan" (Loans Classified as Loss) amounting to TL 11,328,514 (31 Aralık 2021: TL 10,569,823). During the period, the non-performing loan ratio of the Group calculated as 5.12% (31 December 2020: 5.56%) by taking into account the written-off loans in accordance with the amendment on the relevant Provisions Regulation instead of 3.28% (31 December 2020: 3.60%).

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

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

Non-performing loans in foreign currencies

	Group III	Group IV	Group V
	Substandard Loans and Receivables	Doubtful Loans and Receivables	Uncollectible Loans and Receivables
<i>Current Period</i>			
Balance at End of Period	1,246,023	316,979	10,322,119
Provisions (-)	822,111	260,391	6,911,825
Net Balance at Balance Sheet	423,912	56,588	3,410,294
<i>Prior Period</i>			
Balance at End of Period	1,242,488	328,660	9,446,833
Provisions (-)	784,036	200,796	6,297,050
Net Balance at Balance Sheet	458,452	127,864	3,149,783

Gross and net non-performing loans as per customer categories

	Group III Substandard Loans	Group IV Doubtful Loans	Group V Uncollectible Loans
Current Period (Net)	900,998	738,620	4,609,569
Loans to Individuals and Corporates (Gross)	2,112,297	1,781,765	15,174,257
Provision (-)	1,248,925	1,045,751	10,567,000
Loans to Individuals and Corporates (Net)	863,372	736,014	4,607,257
Banks (Gross)	-	-	-
Provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	66,642	6,597	55,250
Provision (-)	29,016	3,991	52,938
Other Loans and Receivables (Net)	37,626	2,606	2,312
Prior Period (Net)	1,002,184	676,817	4,480,461
Loans to Individuals and Corporates (Gross)	2,179,743	1,483,122	14,574,582
Provision (-)	1,204,572	809,359	10,098,433
Loans to Individuals and Corporates (Net)	975,171	673,763	4,476,149
Banks (Gross)	-	-	-
Provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	48,543	6,849	51,657
Provision (-)	21,530	3,795	47,345
Other Loans and Receivables (Net)	27,013	3,054	4,312

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

	Group III Substandard Loans	Group IV Doubtful Loans	Group V Uncollectible Loans
Current Period (Net)	43,663	74,559	272,940
Interest accruals and valuation differences	93,807	165,730	1,073,167
Provision (-)	50,144	91,171	800,227
Prior Period (Net)	49,726	71,045	250,966
Interest accruals and valuation differences	97,491	153,795	960,743
Provision (-)	47,765	82,750	709,777

Collaterals received for non-performing loans

<i>Current Period</i>	Corporate/ Commercial Loans	Consumer Loans	Credit Cards	Total
Loans Collateralized by Cash	13,782	850	-	14,632
Loans Collateralized by Mortgages	8,785,219	218,822	-	9,004,041
Loans Collateralized by Pledged Assets	1,770,539	19,891	-	1,790,430
Loans Collateralized by Cheques and Notes	144,130	1,894	-	146,024
Loans Collateralized by Other Collaterals	2,188,912	2,178,597	-	4,367,509
Unsecured Loans	2,580,929	420,149	873,094	3,874,172
Total	15,483,511	2,840,203	873,094	19,196,808

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

5.1.5.11 Expected credit loss for loans

<i>Current Period</i>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
Balances at End of Prior Period	2,937,910	14,329,200	12,185,034	29,452,144
Additions during the Period (+)	2,146,515	1,401,980	640,276	4,188,771
Disposal (-)	(1,903,487)	(1,042,536)	(640,225)	(3,586,248)
Debt Sale (-)	-	-	(3,726)	(3,726)
Write-offs (-)	-	-	(140,485)	(140,485)
Transfer to Stage1	700,546	(698,395)	(2,151)	-
Transfer to Stage 2	(249,401)	327,076	(77,675)	-
Transfer to Stage 3	(2,474)	(263,241)	265,715	-
Foreign Currency Differences	116,735	1,159,984	720,858	1,997,577
Balances at End of Period	3,746,344	15,214,068	12,947,621	31,908,033

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

5.1.5.12 Liquidation policy for uncollectible loans

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

5.1.5.13 Write-off policy

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

5.1.6 Lease receivable (Net)

5.1.6.1 Financial lease receivables according to remaining maturities (*)

	<i>Current Period</i>		<i>Prior Period</i>	
	Gross	Net	Gross	Net
Less than 1 Year	5,635,965	4,877,729	5,385,955	4,685,636
Between 1-5 Years	8,800,956	8,017,373	7,418,480	6,740,126
Longer than 5 Years	325,344	313,386	270,567	259,227
Total	14,762,265	13,208,488	13,075,002	11,684,989

(*) Non-performing loans are not included.

5.1.6.2 Net financial lease receivables (*)

	<i>Current Period</i>	<i>Prior Period</i>
Gross Financial Lease Receivables	14,762,265	13,075,002
Unearned Income on Financial Lease Receivables (-)	(1,553,777)	(1,390,013)
Terminated Lease Contracts (-)	-	-
Net Financial Lease Receivables	13,208,488	11,684,989

(*) Non-performing loans are not included.

5.1.6.3 Financial lease agreements

Criteria applied for financial lease agreements

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

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

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

Details monitored subsequent to signing of financial lease agreements

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

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

5.1.7 Factoring receivables

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

5.1.8 Financial assets measured at amortised cost

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Collateralised/Blocked Investments	17,393,552	20,634,193	17,162,403	14,028,300
Investments subject to Repurchase Agreements	28,134	342,898	4,014,558	1,175,157
Total	17,421,686	20,977,091	21,176,961	15,203,457

5.1.8.2 Government securities measured at amortised cost

	Current Period	Prior Period
Government Bonds	59,188,142	39,941,957
Treasury Bills	150,656	135,878
Other Government Securities	-	-
Total	59,338,798	40,077,835

5.1.8.3 Financial assets measured at amortised cost

	Current Period	Prior Period
Debt Securities	51,562,657	32,424,403
Quoted at Stock Exchange	51,328,826	32,210,039
Unquoted at Stock Exchange	233,831	214,364
Valuation Increase / (Decrease)	7,870,899	7,742,644
Total	59,433,556	40,167,047

5.1.8.4 Movement of financial assets measured at amortised cost

	Current Period	Prior Period
Balances at Beginning of Period	40,167,047	33,238,911
Foreign Currency Differences on Monetary Assets	2,785,803	8,083,310
Purchases during the Period	17,465,048	654,660
Disposals through Sales/Redemptions	(1,112,597)	(3,986,707)
Valuation Effect	128,255	2,176,873
Balances at End of Period	59,433,556	40,167,047

5.1.8.5 Expected credit loss for financial assets measured at amortised cost

Current Period	Stage 1	Stage 2	Stage 3	Total
Balances at End of Prior Period	47,183	-	-	47,183
Additions during the Period (+)	104,348	-	-	104,348
Disposal (-)	(2,415)	-	-	(2,415)
Transfer to Stage1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Foreign Currency Differences	3,680	-	-	3,680
Balances at End of Period	152,796	-	-	152,796

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

5.1.9 Assets held for sale and assets of discontinued operations

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

	<i>Current Period</i>	<i>Prior Period</i>
End of Prior Period		
Cost	596,163	943,435
Accumulated Depreciation (-)	(10,215)	(11,682)
Net Book Value	585,948	931,753
End of Current Period		
Additions	89,193	226,380
Disposals (Cost)	(178,079)	(606,189)
Disposals (Accumulated Depreciation)	1,507	1,467
Reversal of Impairment / Impairment Losses	261	25,089
Depreciation Expense for Current Period (-)	-	-
Currency Translation Differences on Foreign Operations	1,533	7,448
Cost	509,071	596,163
Accumulated Depreciation (-)	(8,708)	(10,215)
Net Book Value	500,363	585,948

5.1.9.2 Investments in subsidiaries and associates to be disposed

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

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

As per the decision made at the 2018 annual general assembly of related special purpose entity, it was decided to increase the capital of the special purpose entity by TL 3,982,230, all of which will be covered by common receivables. The Entity's paid-in capital after the general assembly had been TL 3,982,280. The Bank's shareholding ratios in the Entity's capital did not change as a result of the increase, and the nominal value of the direct shares increased from TL 11 to TL 881,140 and the number of shares increased from 1,106,325 to 88,114,036,863. As explained the details before the capital increase in Note 5.1.2.2, valuation differences recorded on the financial asset are presented as impairment in Assets Held for Sale and Discontinued Operations after capital increase. In 2020, all of the assets acquired under TFRS 5 was impaired.

As of 31 March 2022, 192.500.000.000 Group A registered shares representing 55% of the share capital of Türk Telekomünikasyon A.Ş. owned by LYY Telekomünikasyon A.Ş. were sold to the Turkey Wealth Fund, and as a result of the collection made from the sale amount, the portion of the related loan corresponding to the Bank's share, was closed.

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 ⁽³⁾	İstanbul/Turkey	-	6.25
2	Bankalararası Kart Merkezi AŞ ⁽¹⁾	İstanbul/Turkey	4.98	4.98
3	Yatırım Finansman Menkul Değerler AŞ ⁽¹⁾	İstanbul/Turkey	0.77	0.77
4	İstanbul Takas ve Saklama Bankası AŞ ⁽¹⁾	İstanbul/Turkey	4.95	4.97
5	Borsa İstanbul AŞ ⁽¹⁾	İstanbul/Turkey	0.30	0.34
6	Kredi Kayıt Bürosu AŞ ("KKB") ⁽¹⁾	İstanbul/Turkey	9.09	9.09
7	Türkiye Cumhuriyet Merkez Bankası AŞ ⁽¹⁾	Ankara/ Turkey	2.48	2.48
8	Kredi Garanti Fonu AŞ ⁽²⁾	Ankara/ Turkey	1.49	1.49
9	JCR Avrasya Derecelendirme AŞ ⁽¹⁾	İstanbul/Turkey	2.86	2.86
10	Birleşik İpotek Finansmanı AŞ ⁽²⁾	İstanbul/Turkey	8.33	8.33

Ü	Total Assets	Shareholders' Equity	Total Fixed Assets (*)	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value
1	20,088	14,290	4,201	789	16	3,755	3,096	-
2	451,244	371,944	92,692	39,235	-	137,294	53,042	-
3	2,557,415	233,809	12,135	9,568	4,099	66,201	44,209	-
4	45,024,011	3,236,902	123,835	703,502	117,500	890,757	539,374	-
5	48,592,331	6,073,643	630,443	348,746	-	1,754,959	1,242,390	-
6	625,710	369,787	327,976	19,020	765	75,307	76,416	-
7	2,496,216,496	65,962,045	925,593	121,429,271	10,201,824	57,483,159	34,497,932	-
8	963,634	560,910	30,717	44,582	-	95,447	55,708	-
9	104,324	86,888	31,176	4,486	-	58,825	2,467	-
10	51,021	50,248	757	985	146	248	-	-

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

(2) Financial information is as of 31 December 2020.

(3) Financial information is as of 30 September 2021.

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

Unconsolidated investments in associates sold during the current period

None.

Unconsolidated investments in associates acquired during the current period

None.

5.1.10.2 Consolidated investments in associates

None.

5.1.10.3 Movement of consolidated investments in associates

None.

Valuation methods of consolidated investments in associates

None.

Sectoral distribution of consolidated investments and associates

None.

Quoted consolidated investments in associates

None.

Investments in associates sold during the current period

None.

Investments in associates acquired during the current period

None.

5.1.11 Investments in subsidiaries (net)

Information on capital adequacy of major subsidiaries

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

^(*)Financial information is as of 31 December 2021.

<i>Prior Period</i> ^(*)	Garanti Bank International NV	Garanti Holding BV	Garanti Finansal Kiralama AŞ	Garanti Emeklilik ve Havat AS	Garanti Yatırım Menkul Kıymetler AS
COMMON EQUITY TIER I CAPITAL					
Paid-in Capital to be Entitled for Compensation after All Creditors	1,243,533	3,488,929	357,848	517,159	13,750
Share Premium	-	117,453	-	-	-
Share Cancellation Profits	-	-	-	-	-
Legal Reserves	1,054,337	160,518	646,432	138,235	308,681
Other Comprehensive Income according to TAS	3,110,694	184,669	-	7,453	-
Current and Prior Periods' Profits	50,370	149,050	146,351	463,149	489,490
Minority interest	-	-	-	-	39,357
Common Equity Tier I Capital Before Deductions	5,458,934	4,100,619	1,150,631	1,125,996	851,278
Deductions From Common Equity Tier I Capital					
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	9,562	1,080,373	1,175	2,189	851
Leasehold Improvements on Operational Leases (-)	-	939	-	1,117	2,288
Goodwill and Other Intangible Assets and Related Deferred Taxes (-)	52,669	492,398	16,154	39,225	4,460
Net Deferred Tax Asset/Liability (-)	-	-	-	-	-
Total Deductions from Common Equity Tier I Capital	62,231	1,573,710	17,329	42,531	7,599
Total Common Equity Tier I Capital	5,396,703	2,526,909	1,133,302	1,083,465	843,679
Total Deductions From Tier I Capital	-	-	-	-	-
Total Tier I Capital	5,396,703	2,526,909	1,133,302	1,083,465	843,679
TIER II CAPITAL	-	90,551	-	-	-
TOTAL CAPITAL	5,396,703	2,617,460	1,133,302	1,083,465	843,679

^(*)Financial information is as of 31 December 2020.

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

5.1.11.1 Unconsolidated investments in subsidiaries

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

The financial information presented in the below table is as of 31 December 2021.

	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	23,377	15,834	-	11,909	-	9,452	8,311	-	-
2	4,181	1,965	785	-	-	215	(68)	-	-
3	5,622	4,002	-	804	-	958	638	-	-
4	17,774	14,941	17,768	-	-	(4)	(5)	-	-
5	151,125	43,345	126,595	-	-	6,713	2,688	-	-
6	3,555,642	998,397	3,208,445	6,485	-	514,453	311,701	-	-
7	4,395	3,065	-	9	-	2,398	1,764	-	-

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

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

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

5.1.11.2 Movement of consolidated investments in subsidiaries

	<i>Current Period</i>	<i>Prior Period</i>
Balances at Beginning of Period	19,862,618	11,812,435
Movements during the Period	1,529,375	8,091,604
Acquisitions (**)	-	547,841
Bonus Shares Received	-	-
Dividends from Current Year Profit	1,151,807	2,429,954
Sales/Liquidations	-	-
Reclassifications	-	-
Value Increase/Decrease (*)	(884,483)	(297,747)
Currency Differences on Foreign Subsidiaries	1,262,051	5,411,556
Reversal of Impairment Losses / Impairment Losses (-)	-	-
Balances at End of Period	21,391,994	19,904,039
Capital Commitments	-	-
Share Percentage at the End of Period (%)	-	-

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

Valuation methods of consolidated investments in subsidiaries

	<i>Current Period</i>	<i>Prior Period</i>
Valued at Cost	-	-
Valued at Fair Value (*)	21,391,994	19,904,039

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

Sectoral distribution of consolidated investments in subsidiaries

	<i>Current Period</i>	<i>Prior Period</i>
Banks	10,096,377	9,177,916
Insurance Companies	1,049,345	1,220,282
Factoring Companies	337,184	282,948
Leasing Companies	2,746,498	2,401,343
Finance Companies	7,113,648	6,780,130
Other Subsidiaries	48,942	41,420

Quoted consolidated investments in subsidiaries

	<i>Current Period</i>	<i>Prior Period</i>
Quoted at Domestic Stock Exchanges	339,645	285,859
Quoted at International Stock Exchanges	-	-

Other information on consolidated investments in subsidiaries

	Subsidiaries	Address (City/ Country)	Parent Bank's Share – If Different, Voting Rights (%)	Shares of Other Consolidated Subsidiaries (%)	Method of Consolidation
1	Garanti Finansal Kiralama AŞ	Istanbul/Turkey	100.00	-	Full Consolidation
2	Garanti Faktoring AŞ	Istanbul/Turkey	81.84	-	Full Consolidation
3	Garanti Yatırım Menkul Kıymetler AŞ	Istanbul/Turkey	100.00	-	Full Consolidation
4	Garanti Portföy Yönetimi AŞ	Istanbul/Turkey	100.00	-	Full Consolidation
5	Garanti Emeklilik ve Hayat AŞ	Istanbul/Turkey	84.91	-	Full Consolidation
6	Garanti Bank International NV	Amsterdam/the Netherlands	100.00	-	Full Consolidation
7	Garanti Holding BV	Amsterdam/the Netherlands	100.00	-	Full Consolidation
8	G Netherlands BV	Amsterdam/the Netherlands	-	100.00	Full Consolidation
9	Garanti Bank SA	Bucharest/Romania	-	100.00	Full Consolidation
10	Motoractive IFN SA	Bucharest/Romania	-	100.00	Full Consolidation
11	Ralfi IFN SA	Bucharest/Romania	-	100.00	Full Consolidation
12	Garanti Yatırım Ortaklığı AŞ	Istanbul / Turkey	-	3.61	Full Consolidation
13	Garanti Ödeme Sistemleri AŞ	Istanbul/Turkey	99.98	-	Full Consolidation

The financial information presented in the below table is as of 31 December 2021.

	Total Assets	Shareholders' Equity	Total Fixed Assets ^(*)	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value
1	9,704,794	1,377,987	25,111	650,001	-	190,150	146,351	-
2	4,355,909	345,106	17,979	623,341	6,006	131,936	50,150	-
3	2,615,761	1,320,551	30,608	58,413	31,857	506,299	492,950	-
4	319,326	266,932	2,132	26,274	4,867	67,583	64,266	-
5	3,134,012	1,436,750	42,893	282,878	79,251	634,738	463,150	-
6	61,320,394	9,202,270	541,442	761,090	1,920	180,117	50,367	-
7	5,844,753	5,843,772	-	-	-	(1,108)	(743)	-
8	4,831,851	4,829,541	-	31	-	(18,962)	(26,581)	-
9	34,333,519	5,117,102	1,030,897	796,994	126,094	293,335	125,109	-
10	2,543,942	479,997	13,915	102,810	-	27,481	21,253	-
11	1,979,415	306,079	25,287	101,175	-	14,536	17,237	-
12	42,432	41,475	472	2,432	3,726	1,002	1,202	80,640
13	81,907	41,428	410	5,809	-	21,156	2,014	-

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

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

Consolidated investments in subsidiaries disposed during the current period

None.

Consolidated investments in subsidiaries acquired during the current period

None.

5.1.12 Investments in joint-ventures (net)

None.

5.1.13 Tangible assets

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

5.1.14 Intangible assets

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

5.1.15 Investment property

	<i>Current Period</i>	<i>Prior Period</i>
Net Book Value at Beginning of Period	652,633	561,525
Additions	-	-
Disposals	-	(23,930)
Transfers	-	68,660
Fair Value Change	-	46,378
Net Currency Translation Differences on Foreign Subsidiaries	-	-
Net Book Value at End of Period	652,633	652,633

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

5.1.16 Deferred tax asset

As of 31 March 2022, on a consolidated basis the Bank has a deferred tax asset of TL 8,946,699 (31 December 2021: TL 4,443,291) calculated as the net amount remaining after netting of tax deductible timing differences and taxable timing differences in its consolidated financial statements.

As of 31 March 2022, deferred tax assets of TL 9,644,577 (31 December 2021: TL 6,927,465) calculated on all taxable temporary differences arising between the carrying amounts and the taxable amounts of assets and liabilities on the financial statements that will be considered in the calculation of taxable earnings in the future periods and on tax losses, which is presented as netted-off in the accompanying consolidated financial statements, with a deferred tax liability of TL 697,878 (31 December 2021: TL 2,484,174) on all taxable temporary differences arising between the carrying amounts and the taxable amounts of assets and liabilities on the financial statements that will be considered in the calculation of taxable earnings in the future periods.

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

	<i>Current Period</i>		<i>Prior Period</i>	
	Tax Base	Deferred Tax Amount	Tax Base	Deferred Tax Amount
Tax Losses	(3,430)	(790)		
Provisions ^(*) (**)	9,247,768	2,089,816	9,145,055	2,061,737
Stages 1&2 Credit Losses	20,426,893	4,179,607	18,086,583	3,722,429
Differences between the Carrying Values and Taxable Values of Financial Assets ^(***)	13,204,026	2,810,578	(5,885,651)	(1,306,444)
Revaluation Differences on Real Estates	(3,783,981)	(464,848)	(2,445,233)	(299,704)
Other	1,421,953	332,336	1,113,545	265,273
Deferred Tax Asset	40,513,229	8,946,699	20,014,299	4,443,291

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

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

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

5.1.17 Other Assets

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Derivative Assets (Derivative Guarantees)	710,883	3,205,166	726,002	4,439,594
Receivables From Clearing Transactions	7,380,571	65,498	7,015,825	58,404
Prepaid Expenses	4,306,295	97,507	3,125,661	72,701
Cash Guarantees Given	521,271	574,089	323,767	427,917
Receivables From Forward Sale of Assets	69,286	-	105,137	-
Other	3,024,427	901,451	1,374,278	555,735
Total	16,012,733	4,843,711	12,670,670	5,554,351

5.2 Consolidated liabilities

5.2.1 Maturity profile of deposits

<i>Current Period</i>	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulating Deposit Accounts	Total
Saving Deposits	34,493,048	-	6,578,406	78,277,264	3,761,423	1,577,380	3,592,605	1,347	128,281,473
Foreign Currency Deposits	228,021,840	-	23,227,168	101,554,540	7,981,385	11,624,001	11,714,80	49,032	384,172,767
Residents in Turkey	182,850,342	-	18,554,938	89,590,172	3,353,752	2,559,707	2,181,165	48,301	299,138,377
Residents in Abroad	45,171,498	-	4,672,230	11,964,368	4,627,633	9,064,294	9,533,636	731	85,034,390
Public Sector Deposits	2,658,996	-	6,177	45,332	713	9	-	-	2,711,227
Commercial Deposits	22,304,802	-	18,035,900	14,913,961	17,882,04	15,164,850	2,992,361	1	91,293,921
Others	667,023	-	397,183	2,168,696	570,952	2,381,343	2,516,506	-	8,701,703
Precious Metal Deposits	35,094,315	-	-	208,521	320,793	42,067	755,701	-	36,421,397
Bank Deposits	2,980,626	-	1,201,384	-	186,836	-	15,048	-	4,383,894
Central Bank of Turkey	328,268	-	-	-	-	-	-	-	328,268
Domestic Banks	13,419	-	18,406	-	-	-	-	-	31,825
Foreign Banks	630,491	-	1,182,978	-	186,836	-	15,048	-	2,015,353
Special Financial Institutions	2,008,448	-	-	-	-	-	-	-	2,008,448
Others	-	-	-	-	-	-	-	-	-
Total	326,220,650	-	49,446,218	197,168,314	30,704,14	30,789,650	21,587,02	50,380	655,966,382

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

(*) As of 31.03.2022, the Bank has a total of TL 70,292,873 (31 December 2020: TL 7,547,261) foreign exchange-protected deposit instrument of which TL 38,437,809 (31 December 2020: TL 180,250) opened within the scope of the "Communiqué on Supporting the Conversion of Turkish Lira Deposit and Participation Accounts" published by the CBRT in the Official Gazette dated 21 December 2021 and numbered 31696, TL 31,855,064 (31 December 2020: TL 7,367,011) opened within the scope of the announcement of the Ministry of Treasury and Finance ("Treasury") dated 24 December 2021. Foreign exchange revaluation differences amounting to TL 2,437,143 (31 December 2020: TL 806,578) regarding the foreign exchange-protected deposit instrument calculated as of the balance sheet date are presented in other assets under assets and included in deposits under liabilities.

5.2.1.1 Saving deposits insured by Saving Deposit Insurance Fund

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

	Covered by Deposit Insurance Over Deposit Insurance Limit		Over Deposit Insurance Limit	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	59,363,738	48,035,586	67,014,720	57,893,404
Foreign Currency Saving Deposits	85,544,109	73,569,591	189,102,217	182,239,637
Other Saving Deposits	15,344,397	11,769,763	19,663,897	18,449,894
Foreign Branches' Deposits Under Foreign Insurance Coverage	2,367,054	2,167,033	199	554
Off-Shore Branches' Deposits Under Foreign Insurance Coverage	-	-	-	-

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

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

5.2.1.3 Saving deposits not covered by insurance limits

5.2.1.3.1 Saving deposits of individuals not covered by insurance limits:

	Current Period	Prior Period
Deposits and Other Accounts held at Foreign Branches	30,264	31,208
Deposits and Other Accounts held by Shareholders and their Relatives	-	-
Deposits and Other Accounts of the Chairman and Members of Board of Directors, Chief Executive Officer, Senior Executive Officers and their Relatives	237,705	224,675
Deposits and Other Accounts held as Assets subject to the Crime defined in the Article 282 of the Turkish Criminal Code No. 5237 dated 26 September 2004	-	-
Deposits at Depository Banks established for Off-Shore Banking Activities in Turkey	-	-

5.2.2 Funds borrowed

Information on funds borrowed is as follows;

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	-	-
Domestic Banks and Institutions	3,205,127	3,861,785	2,655,860	4,600,883
Foreign Banks, Institutions and Funds	11,7043	39,188,195	116,121	36,253,865
Total	3,322,170	43,049,980	2,771,981	40,854,748

5.2.2.1 Maturities of funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	2,032,806	3,385,999	1,783,110	3,885,996
Medium and Long-Term	1,289,364	39,663,981	988,871	36,968,752
Total	3,322,170	43,049,980	2,771,981	40,854,748

5.2.2.2 Disclosures for concentration areas of bank's liabilities

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

5.2.3 Money market funds

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

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Domestic Transactions	133,645	-	7,431,549	-
Financial Institutions and Organizations	-	-	7,376,780	-
Other Institutions and Organizations	108,747	-	35,365	-
Individuals	24,898	-	19,404	-
Foreign Transactions	2	6,353,332	79	6,822,614
Financial Institutions and Organizations	-	6,353,332	-	6,822,614
Other Institutions and Organizations	-	-	-	-
Individuals	2	-	79	-
Total	133,647	6,353,332	7,431,628	6,822,614

5.2.4 Securities issued

<i>Current Period</i>	TL		FC	
	Short-Term	Medium and Long-Term	Short-Term	Medium and Long-Term
Nominal	1,702,227	2,126,322	139,370	24,276,169
Cost	1,582,950	2,080,652	139,370	24,162,490
Carrying Value (*)	1,670,619	1,058,157	139,396	21,788,517

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

(*) The Bank and/or its financial subsidiaries repurchased the Bank's own TL securities with a total face value of TL 1,431,458 and foreign currency securities with a total face value of USD 187,873,507 (31 December 2021: TL 1,366,573 and USD 186,897,575) and netted off such securities in the accompanying consolidated financial statements.

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

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Securities Issued	-	25,508,244	-	24,183,368
Total	-	25,508,244	-	24,183,368

In accordance with TFRS 9, the Bank classified a part of borrowings obtained through securitisations amounting to USD 2,043,330,357 (31 December 2021: USD 2,112,303,572) as financial liability at fair value through profit/loss at the initial recognition in order to eliminate the accounting mismatch.

As of 31 March 2022, the accumulated fair value change of the related financial liability amounted to TL 4,532,930 (31 December 2021: TL 3,769,054) and the corresponding gain/loss recognised in the statement of profit/loss amounted to TL 763,876 (31 March 2021: TL 943,214). The carrying value of the related financial liability amounted to TL 25,508,244 (31 December 2021: TL 24,183,368).

5.2.6 Derivative financial liabilities

5.2.6.1 Negative differences on derivative financial liabilities measured at FVTPL

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

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Forward Transactions	1,391,435	24,312	1,875,277	32,051
Swap Transactions	4,249,249	6,852,740	4,903,698	5,687,300
Futures	-	-	-	933
Options	171,132	93,100	131,667	25,164
Others	-	2,947	-	481
Total	5,811,816	6,973,099	6,910,642	5,745,929

5.2.6.2 Derivative financial liabilities held for hedging purpose

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

Derivative Financial Liabilities Held for Hedging Purpose	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Fair Value Hedges	-	130,543	-	391,748
Cash Flow Hedges	34,298	98,595	41,211	339,205
Net Foreign Investment Hedges	-	-	-	-
Total	34,298	229,138	41,211	730,953

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

5.2.7 Factoring payables

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

5.2.8 Lease payables

5.2.8.1 Operational lease agreements

	<i>Current Period</i>		<i>Prior Period</i>	
	Gross	Net	Gross	Net
Less than 1 Year	432,793	315,667	385,205	283,202
Between 1-5 Years	850,727	615,794	782,852	571,420
Longer than 5 Years	321,248	214,994	318,617	215,416
Total	1,604,768	1,146,455	1,486,674	1,070,038

As of 31 March 2022, the weighted average of the incremental borrowing interest rates applied to TL, EUR, USD and RON lease liabilities presented in the statement of financial position of the Group are %20%, 1.7%, 6.9% and 5.1% (31 December 2021:18.8%, 1.9%, 6.9% and 4.4%) respectively.

5.2.9 Provisions

5.2.9.1 Reserve for employee severance indemnity

	<i>Current Period</i>	<i>Prior Period</i>
Balances at Beginning of Period	948,873	767,506
Provision for the Period	71,144	161,030
Actuarial Gain/Loss	-	79,432
Payments During the Period	(24,034)	(59,095)
Balances at End of Period	995,983	948,873

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

None (31 December 2021: None).

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

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

5.2.9.4 Other provisions

	<i>Current Period</i>	<i>Prior Period</i>
Reserve for Employee Benefits	2,190,343	2,017,903
Insurance Technical Provisions, Net	1,497,580	1,361,847
Provision for Promotion Expenses of Credit Cards	338,720	292,804
Provision for Lawsuits	421,536	440,744
Provision for Non-Cash Loans	3,379,213	2,930,483
Other Provisions(*)	7,693,944	7,676,242
Total	15,521,336	14,720,023

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

Recognized Liability for Defined Benefit Plan Obligations

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

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

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

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

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

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

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

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

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

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

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

5.2.10 Tax liability

5.2.10.1 Current tax liability

5.2.10.1.1 Tax liability

As of 31 March 2022, the corporate tax liability amounts to TL 9,728,454 (31 December 2021 : TL 2,120,125) after offsetting with prepaid taxes. If the differences arising between the book value and the tax base value of the assets subject to the current tax liability are related to the shareholders' equity account group, the current tax asset or liability is netted off by the relevant accounts in this group.

5.2.10.1.2 Taxes payable

	Current Period	Prior Period
Corporate Taxes Payable	9,728,454	2,120,125
Taxation on Securities Income	107,163	126,239
Taxation on Real Estates Income	5,338	8,644
Banking Insurance Transaction Tax	350,111	378,689
Foreign Exchange Transaction Tax	40,893	115,529
Value Added Tax Payable	44,840	56,577
Others	153,900	142,892
Total	10,430,699	2,948,695

5.2.10.1.3 Premiums payable

	Current Period	Prior Period
Social Security Premiums-Employees	12,218	8,981
Social Security Premiums-Employer	5,766	5,497
Bank Pension Fund Premium-Employees	531	439
Bank Pension Fund Premium-Employer	811	620
Pension Fund Membership Fees and Provisions-Employees	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Unemployment Insurance-Employees	3,345	2,463
Unemployment Insurance-Employer	6,801	6,141
Others	99	79
Total	29,571	24,220

5.2.10.2 Deferred tax liability

As of 31 March 2022, the deferred tax liability amounts to TL 103,577 (31 December 2021: TL 55,096).

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

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

5.2.12 Subordinated debts

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

5.2.13 Other liabilities

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Payables from credit card transactions	24,403,011	340,463	21,172,969	241,472
Payables from clearing transactions	6,063,585	24,439	5,372,202	11,262
Other	4,235,254	7,601,833	2,874,263	5,113,082
Total	34,701,850	7,966,735	29,419,434	5,365,816

5.2.14 Shareholders' equity

5.2.14.1 Paid-in capital

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

5.2.14.2 Registered share capital system

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

5.2.14.3 Capital increases in current period

None.

5.2.14.4 Capital increases from capital reserves in current period

None.

5.2.14.5 Capital commitments for current and future financial periods

None.

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

None.

5.2.14.7 Information on privileges given to stocks representing the capital

None.

5.2.14.8 Securities value increase fund

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

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Investments in Associates, Subsidiaries and Joint-Ventures				
Valuation Difference	-	-	-	-
Exchange Rate Difference	-	-	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	8,900,002	(848,290)	1,424,605	(739,216)
Valuation Difference	8,697,059	(848,290)	1,262,982	(739,216)
Exchange Rate Difference	202,943	-	161,623	-
Total	8,900,002	(848,290)	1,424,605	(739,216)

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

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Movables	275,334	40,788	232,120	27,353
Real Estates	3,032,439	178,080	1,849,605	163,456
Defined Benefit Plans' Actuarial Gains/Losses	(420,229)	-	(420,279)	-
Other	-	-	-	-
Total	2,887,544	218,868	1,661,446	190,809

5.2.14.10 Bonus shares of associates, subsidiaries and joint-ventures

	<i>Current Period</i>	<i>Prior Period</i>
Bankalararası Kart Merkezi AŞ	5,781	5,781
Kredi Kayıt Bürosu AŞ	481	481
JCR Avrasya Derecelendirme AŞ	828	-
Doğuş Gayrimenkul Yatırım Ortaklığı AŞ	22	22
Yatırım Finansman Menkul Değerler AŞ	9	9
Dati Yatırım Holding A.Ş.	7	7
Kömür İşletmeleri AŞ	45	-
Total	7,173	6,300

5.2.14.11 Legal reserves

	<i>Current Period</i>	<i>Prior Period</i>
I. Legal Reserve	1,338,975	1,254,886
II. Legal Reserve	656,023	546,290
Special Reserves	36,683	33,675
Total	2,031,681	1,834,851

5.2.14.12 Extraordinary reserves

	<i>Current Period</i>	<i>Prior Period</i>
Legal Reserves allocated in compliance with the Decisions Made on the Annual General Assembly	61,627,828	50,102,504

5.2.14.13 Minority interest

	<i>Current Period</i>	<i>Prior Period</i>
Balance at Beginning of Period	319,516	247,679
Profit Share of Subsidiaries Net Profits	46,932	120,823
Prior Period Dividend Payment	(60,346)	(47,130)
Increase/(Decrease) in Minority Interest due to Sales	-	-
Others	554	(1,856)
Balance at End of Period	306,656	319,516

5.3 Consolidated off-balance sheet items

5.3.1 Off-balance sheet contingencies

5.3.1.1 Irrevocable credit commitments

The Bank and its consolidated financial subsidiaries have term asset purchase and sale commitments of TL 23,903,274 (31 December 2021: TL 20,111,105), commitments for cheque payments of TL 5,215,928 (31 December 2021: TL 3,956,330) and commitments for credit card limits of TL 74,588,795 (31 December 2021: TL 63,432,259).

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

	Current Period	Prior Period
Letters of Guarantee in Foreign Currency	68,423,697	60,356,900
Letters of Guarantee in TL	53,616,412	44,007,746
Letters of Credit	37,116,983	25,954,648
Bills of Exchange and Acceptances	3,131,976	2,751,737
Endorsements	1,405,832	1,128,961
Other Guarantees	276,256	258,782
Total	163,971,156	134,458,774

Expected losses for non-cash loans and irrevocable commitments

Current Period	Stage 1	Stage 2	Stage 3	Total
Balances at Beginning of Period	538,703	1,058,973	1,332,807	2,930,483
Additions during the Period (+)	391,936	336,188	29,482	757,606
Disposal (-)	(321,533)	(152,590)	(47,875)	(521,998)
Sales	-	-	-	-
Write-off	-	-	-	-
Transfer to Stage 1	146,634	(146,179)	(455)	-
Transfer to Stage 2	(37,261)	56,690	(19,429)	-
Transfer to Stage 3	(27)	(1,117)	1,144	-
Foreign Currency Differences	19,775	69,193	124,154	213,122
Balances at End of Period	738,227	1,221,158	1,419,828	3,379,213

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

Lifetime expected credit loss (Stage 3) of TL 2,181,525 (31 December 2021: TL 2,019,657) is made for unliquidated non-cash loans of TL 1,419,828 (31 December 2021: TL 1,332,807) recorded under the off-balance sheet items.

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

5.3.1.3 Non-cash loans

	<i>Current Period</i>	<i>Prior Period</i>
Non-Cash Loans against Cash Risks	26,206,543	20,797,645
<i>With Original Maturity of 1 Year or Less</i>	<i>5,370,492</i>	<i>2,948,430</i>
<i>With Original Maturity of More Than 1 Year</i>	<i>20,836,051</i>	<i>17,849,215</i>
Other Non-Cash Loans	137,764,613	113,661,129
Total	163,971,156	134,458,774

5.3.1.4 Other information on non-cash loans

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

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

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

5.3.2 Financial derivative instruments

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

5.3.3 Credit derivatives and risk exposures on credit derivatives

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

5.3.4 Contingent liabilities and assets

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

5.3.5 Services rendered on behalf of third parties

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

5.4 Consolidated statement of profit or loss

5.4.1 Interest income

5.4.1.1 Interest income from loans (*)

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Interest Income from Loans				
Short-term loans	5,933,495	483,403	2,997,121	116,730
Medium and long-term loans	6,616,377	2,231,989	4,596,722	1,461,875
Loans under follow-up	170,163	38,191	174,843	40,514
Interest Received from Resource Utilization Support Fund	-	-	-	-
Total	12,720,035	2,753,583	7,768,686	1,619,119

(*) 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	-	-	-	-
Domestic Banks	34,553	587	27,784	14,896
Foreign Banks	1,248	17,527	1,326	12,553
Foreign Head Offices and Branches	-	-	-	-
Total	35,801	18,114	29,110	27,449

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	82,640	7,669	19,199	11,563
Financial Assets Measured at Fair Value through Other Comprehensive Income	2,539,062	209,050	781,870	125,207
Financial Assets Measured at Amortised Cost	1,787,208	268,268	757,087	130,748
Total	4,408,910	484,987	1,558,156	267,518

As disclosed in the accounting policies, the Bank values CPI-indexed government bonds in its securities portfolio according to the reference index on the issue date and the index that is calculated according to the expected inflation rate. The inflation rate used during the valuation is being updated during the year when it is considered necessary. As of 31 March 2022, the valuation of such securities has been calculated according to the annual inflation forecast of 40%. In case the CPI forecast increases or decreases by 1%, profit before taxes as of 31 March 31 2022 will increase or decrease by approximately TL 65 million (full amount).

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	17,812	23,119

5.4.2 Interest expenses

5.4.2.1 Interest expenses on funds borrowed (*)

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	126,190	150,362	82,390	144,419
Central Bank of Turkey	-	-	32,613	578
Domestic Banks	121,462	54,573	39,765	33,745
Foreign Banks	4,728	95,789	10,012	110,096
Foreign Head Offices and Branches	-	-	-	-
Other Institutions	-	244,807	-	33,794
Total	126,190	395,169	82,390	178,213

(*) Also includes fees and commissions expenses on borrowings.

5.4.2.2 Interest expenses paid to associates and subsidiaries

	Current Period	Prior Period
Interest Paid to Investments in Associates and Subsidiaries	4,017	7,930

5.4.2.3 Interest expenses on securities issued

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

5.4.2.4 Maturity structure of interest expense on deposits

Current Period	Demand Deposits	Time Deposits					Accumulating Deposit Accounts	Total
		Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year		
Turkish Lira								
Bank Deposits	389	9,635	-	-	-	-	-	10,024
Saving Deposits	1,331	179,228	2,718,425	306,232	72,411	145,272	-	3,422,899
Public Sector Deposits	-	783	1,897	28	105	-	-	2,813
Commercial Deposits	67	866,440	494,345	374,401	411,642	104,339	-	2,251,234
Others	-	51,692	91,870	10,484	88,230	123,555	-	365,831
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Total TL	1,787	1,107,778	3,306,537	691,145	572,388	373,166	-	6,052,801
Foreign Currency								
Foreign Currency Deposits	4,663	25,228	46,372	19,757	20,852	23,499	54	140,425
Bank Deposits	262	2,841	-	-	165	-	-	3,268
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	-	-	1	84	-	85
Total FC	4,925	28,069	46,372	19,757	21,018	23,583	54	143,778
Grand Total	6,712	1,135,847	3,352,909	710,902	593,406	396,749	54	6,196,579

<i>Prior Period</i>	Demand Deposits	Time Deposits					Accumulating Deposit Accounts	Total
		Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year		
Turkish Lira								
Bank Deposits	3,815	15,440	-	-	-	-	-	19,255
Saving Deposits	1,054	102,418	2,218,941	46,062	21,887	63,403	-	2,453,765
Public Sector Deposits		1,835	1,362	6	-	-	-	3,203
Commercial Deposits	50	490,270	554,433	19,068	33,627	35,053	-	1,132,501
Others		19,713	69,196	866	10,336	135,744	-	235,855
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Total TL	4,919	629,676	2,843,932	66,002	65,850	234,200	-	3,844,579
Foreign Currency								
Foreign Currency Deposits	542	21,271	92,702	16,570	14,939	20,611	46	166,681
Bank Deposits	(12)	54	330	936	2,153	1,225	-	4,686
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	-	-	3	177	-	180
Total FC	530	21,325	93,032	17,506	17,095	22,013	46	171,547
Grand Total	5,449	651,001	2,936,964	83,508	82,945	256,213	46	4,016,126

5.4.2.5 Interest expense on money market transactions

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

5.4.2.6 Lease expenses

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

5.4.2.7 Interest expenses on factoring payables

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

5.4.3 Dividend income

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

None.

5.4.4 Trading income/losses (net)

	<i>Current Period</i>	<i>Prior Period</i>
Income	103,256,339	66,989,777
Trading Account Income	1,659,159	2,657,202
Derivative Financial Instruments	21,496,078	12,982,777
Foreign Exchange Gain	80,101,102	51,349,798
Losses (-)	100,862,783	66,743,406
Trading Account Losses	442,956	1,532,059
Derivative Financial Instruments	35,161,832	8,165,622
Foreign Exchange Losses	65,257,995	57,045,725
Total	2,393,556	246,371

TL 14,864,593 (31 March 2021: TL 2,167,751) of foreign exchange gains and TL 4,687,704 (31 March 2021: TL 9,863,746) of foreign exchange losses are resulted from the exchange rate changes of derivative transactions.

5.4.5 Other operating income

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

	<i>Current Period</i>	<i>Prior Period</i>
Prior Year Reversals	3,701,837	3,068,087
Stage 1	1,874,238	1,531,808
Stage 2	1,055,865	985,824
Stage 3	740,258	484,280
Others	31,476	66,175
Income from term sale of assets	97,741	84,438
Others (*)	967,827	469,530
Total	4,767,405	3,622,055

(*) Premium income from insurance business amounting to TL 572,571 (31 March 2021: TL 365,943) which is included in other operating income in the accompanying financial statements is presented in “others” line item.

5.4.6 Expected credit losses and other provisions

	<i>Current Period</i>	<i>Prior Period</i>
Expected Credit Losses	7,150,931	5,315,894
12-Month ECL (Stage 1)	2,964,758	1,125,869
Significant Increase in Credit Risk (Stage 2)	2,564,118	2,939,902
Impaired Credits (Stage 3)	1,622,055	1,250,123
Other Provisions	1,129,700	974,854
Impairment Losses on Securities	14,659	38,930
Financial Assets Measured at Fair Value through Profit or Loss	14,659	30,649
Financial Assets Measured at Fair Value through Other Comprehensive Income	-	8,281
Impairment Losses on Associates, Subsidiaries and Joint-ventures	373	-
Associates	373	-
Subsidiaries	-	-
Joint-ventures (business partnership)	-	-
Others (*)	1,114,668	935,924
Total	8,280,631	6,290,748

5.4.7 Other operating expenses

	<i>Current Period</i>	<i>Prior Period</i>
Reserve for Employee Termination Benefits	62,943	41,051
Defined Benefit Plan Obligations	-	-
Impairment Losses on Tangible Assets	1,525	14
Depreciation Expenses of Tangible Assets	121,075	107,604
Impairment Losses on Intangible Assets	-	-
Impairment Losses on Goodwill	-	-
Amortisation Expenses of Intangible Assets	67,539	42,703
Decrease in Value of Equity Accounting Shares	-	-
Impairment Losses on Assets to be Disposed	-	-
Depreciation Expenses of Right-of-use Assets	92,506	75,329
Impairment Losses on Assets Held for Sale and Discontinued Assets	765	145
Other Operating Expenses	2,023,540	1,251,239
<i>Operational Lease related Expenses (*)</i>	<i>54,383</i>	<i>51,833</i>
<i>Repair and maintenance expenses</i>	<i>33,203</i>	<i>26,662</i>
<i>Advertisement expenses</i>	<i>50,117</i>	<i>31,967</i>
<i>Other expenses</i>	<i>1,885,837</i>	<i>1,140,777</i>
Loss on Sale of Assets	2,717	2,035
Others (**)	889,862	538,346
Total	3,262,472	2,058,466

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

(**) Includes Saving Deposits Insurance Fund related expenses of TL 64,046 (31 March 2021: TL 180,225) and insurance-business claim losses of TL 221,617 (31 March 2021: TL 120,037) in the current period.

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

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

5.4.9 Information on provision for taxes for continued and discontinued operations

For the period ended 31 March 2022, on a consolidated basis, the Bank recorded a current tax expense of TL 7,646,826 (31 March 2021: TL 181,397) and a deferred tax income of TL 4,579,885 (31 March 2021: TL 487,751 tax expense).

There is no amount from discontinued operations.

Deferred tax benefit/charge on timing differences

Deferred tax (benefit)/charge on timing differences	<i>Current Period</i>	<i>Prior Period</i>
Increase in Tax Deductible Timing Differences (+)	(2,962,445)	(1,161,267)
Decrease in Tax Deductible Timing Differences (-)	215,147	472,034
Increase in Taxable Timing Differences (-)	210,423	1,199,163
Decrease in Taxable Timing Differences (+)	(2,043,010)	(22,179)
Total	(4,579,885)	487,751

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

Deferred tax (benefit)/charge arising on timing differences, tax losses and tax deductions and exemptions	<i>Current Period</i>	<i>Prior Period</i>
(Increase)/Decrease in Tax Deductible Timing Differences (net)	(2,748,087)	1,417
(Increase)/Decrease in Taxable Timing Differences (net)	(1,832,587)	1,176,984
(Increase)/Decrease in Tax Losses (net)	789	(690,650)
(Increase)/Decrease in Tax Deductions and Exemptions (net)	-	-
Total	(4,579,885)	487,751

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

	<i>Current Period</i>	<i>Prior Period</i>
Net Profit/(Loss) of Minority Interest	46,932	31,645

5.4.12 Components of other items in income statement

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

5.5 Consolidated statement of changes in shareholders' equity

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

5.6 Consolidated statement of cash flows

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

5.7 Related party risks

5.7.1 Transactions with Parent Bank's risk group;

5.7.1.1 Loans and other receivables

Current Period:

Bank's Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Balance at beginning of period	630,311	24,142	880,147	1,817,495	87,503	194,549
Balance at end of period	550,820	45,722	492,894	2,074,091	104,069	14,304
Interest and Commission Income	18,308	-	6,086	-	977	-

Prior Period:

Bank's Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Balance at beginning of period	792,970	27,873	662,187	878,143	157,906	51,551
Balance at end of period	630,311	24,142	880,147	1,817,495	87,503	194,549
Interest and Commission Income	23,663	-	8,991	-	3,949	47

5.7.1.2 Deposits

Bank's Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Balance at beginning of period	135,477	347,975	31,849	70,153	7,101,109	441,807
Balance at end of period	60,600	135,477	24,897	31,849	6,605,910	7,101,109
Interest Expenses	4,017	7,930	18	25	291,486	3,466

5.7.1.3 Derivative transactions

Bank's Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Transactions at Fair Value Through Profit/(Loss)						
Balance at beginning of period	50,000	572,425	43,176,984	30,964,751	-	-
Balance at end of period	50,000	50,000	36,338,473	43,176,984	-	-
Total Profit/(Loss)	(1,626)	(231)	348,666	136,022	-	-
Transactions for Hedging						
Balance at beginning of period	-	-	220,100	565,120	-	-
Balance at end of period	-	-	213,116	220,100	-	-
Total Profit/(Loss)	-	-	(470)	(467)	-	-

Based on the decision of the Banking Regulation and Supervision Agency dated 22 June 2018 and numbered 7855, the special purpose entity and Türk Telekom A.Ş. have not been included in the risk group in accordance with the Articles 3 and 49 of the Banking Law No. 5411.

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 549,124 (31 December 2021: TL 620,298) compose 0.10% (31 December 2021: 0.13%) of the Bank's total consolidated cash loans and 0.02% (31 December 2021: 0.07%) of the Bank's total consolidated assets. The total loans and similar receivables amounting TL 1,147,783 (31 December 2021: TL 1,597,961) compose 0.12% (31 December 2021: 0.19%) of the Bank's total consolidated assets. The non-cash loans of the risk group amounting TL 2,134,117 (31 December 2021: TL 2,036,186) compose 1.30% (31 December 2021: 1.51%) of the Bank's total consolidated non-cash loans. The deposits of the risk group amounting TL 6,691,407 (31 December 2021: TL 7,268,435) compose 1.02% (31 December 2021: 1.25%) of the Bank's total consolidated deposits. There are no funds borrowed by the Bank and its consolidated financial subsidiaries from their risk group of the Bank's total consolidated funds borrowed. The pricing in transactions with the risk group companies is set on an arm's-length basis.

A total rent income of TL 1,191 (31 March 2021: TL 1,461) was recognized for the real estates rented to the related parties.

Other income of TL 3,164 (31 March 2021: TL 1,969) for the IT services rendered and banking services fee income of TL 731 (31 March 2021: TL 5,594) were recognized from the related parties.

Operating expenses of TL 19,927 (31 December 2021: TL 25,105) for operational leasing services rendered by the related parties were recognized as expenses.

Including the payments related to resigners, the net payment provided or to be provided to the key management of the Bank and its consolidated financial subsidiaries amounts to TL 53,861 as of 31 March 2022 (31 March 2021: TL 30,462).

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

As claimed in the statement made by the Bank on 31 March 2022, the voluntary takeover bid process made by BBVA for the shares that it does not currently own will start on 4 April 2022 and end on 29 April, 2022 and will continue for 20 business days. Regarding the voluntary takeover offer to be made by BBVA for Bank shares that BBVA does not currently own, BBVA has obtained all necessary permits, both in Turkey and in other countries, to acquire more than 50% of the shares. Accordingly, BBVA has applied to the Capital Markets Board for approval of the Voluntary Takeover Offer information form prepared in accordance with the Fourth Section of the Communiqué on Takeover Offers numbered II-26.1 (“Communiqué”). The Capital Markets Board approved the information form prepared in accordance with the Fourth Section of the Communiqué with its letter numbered E-29833736-110.05.05-19391 and dated 31 March 2022.

As of 22 April 2022, 270,476,888 shares with a nominal value of TL 2,705 were purchased by BBVA within the scope of the Voluntary Takeover Bid process.

6 Other disclosures on activities

6.1 Information on international risk ratings

6.1.1 Parent Bank's international risk ratings

MOODY'S (December 2020)

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

FITCH RATINGS (April 2022)

Long-Term FC	B / Negative
Short-Term FC	B
Long-Term TL	B+ / Negative
Short-Term TL	B
Financial Capacity	b+
Support	4
NSR	AA(tur)
Long Term National Scale Rating (NSR)	Negative
Senior Unsecured Long-Term Notes	B
Senior Unsecured Short-Term Notes	B
Subordinated Notes	B-

JCR EURASIA RATINGS (September 2021)

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

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

MOODY'S (October 2021) (*)

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

(*) Latest date in risk ratings or outlooks

6.1.3 International risk ratings of Garanti Faktoring, a consolidated subsidiary

FITCH RATINGS (February 2022) (*)

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

(*) Latest date in risk ratings or outlooks

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

FITCH RATINGS (February 2022) (*)

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

(*) Latest date in risk ratings or outlooks

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

FITCH RATINGS (February 2021) (*)

Foreign Currency	
Long-Term IDR	BB-
Short-Term IDR	B
Support Rating	4
Viability Rating	bb-
Outlook	Negative

(*) Latest date in risk ratings or outlooks

6.2 Dividends

As per the decision made at the annual general assembly of shareholders of the Parent Bank on 31 March 2022, the distribution of the net profit of the year 2021, was as follows;

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

6.3 Other disclosures

None.

7 Interim Activity Report

(Amounts are expressed in Turkish Lira (TL))

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

Türkiye Garanti Bankası A.Ş., announced its financial statements dated 31 March 2022. Based on the consolidated financials, the Bank's **net income** in the first 3 months of the year recorded as TL 8 billion 262 million 614 thousand. **Asset size** realized at TL 953 billion 347 million 155 thousand and the Bank's contribution to the economy through cash and non-cash **loans** was TL 712 billion 012 million 529 thousand. Actively managing the funding base, deposits continued to be the main funding source; 69% of assets are funded via deposits. Customer deposit base reached to TL 651 billion 582 million 488 thousand with 12% growth in the first 3 months of the year. Preserving the strong capital stance, Bank's **capital adequacy ratio** was realized at 14.8%*. The Bank delivered an **ROAE** (Return on Average Equity) of 37.5%** and an **ROAA** (Return on Average Assets) of 3.7%**.

*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 "Uncertainties in the global economy continue to remain unusually high. We have entered the third year of the pandemic. Though vaccinations have helped drastically decrease mortality rates, economic recovery is still slow. Inflation, caused by high energy prices and the problems in food supply chain due to climate crisis, is still on the main agenda item for in the world economies. Of course, the concerns here are also profoundly affected by the developments after Russia's invasion of Ukraine. We follow the events with great sadness due to the human tragedy, aside from the economic effects.

These challenging times remind us once again how critical and decisive the dynamic management, strong capital structure, competent human resources and technological infrastructure are. During this time, we not only overcame the difficulties brought by the pandemic, but also strengthened our balance sheet by achieving successful results in 2021 and 1Q22. In the first quarter of 2022, our return on equity was 38%, and more importantly, the items supporting this return were core banking revenues. Our robust balance sheet structure, strong provisioning buffers, and our capital adequacy ratio, which is well above the required levels, have further reinforced our bank in the recent volatile market conditions.

The developments in technology, apart from the economy, drive us to be agile. Artificial intelligence, robotic systems, fin-tech companies are expanding the playground of the banking industry. We see the results of our investments in Robotic Process Automation, machine learning, and data-driven decision-making culture in the efficiency of our processes and improvements in customer experience. More importantly, if our investments in technology hadn't been continuous and targeted since the early 90s, we would not have been this strong in competition with fin-techs that affect many European and Asian countries today.

As always, we will continue to focus on serving our customers and supporting the economic recovery."

Garanti BBVA CEO Recep Baştuğ says; "We are going through a challenging period with increasing uncertainties and risks in the global and local economy. In this environment, both the Turkish banking sector and Garanti BBVA continued to prove their resilience. The financial sector plays a critical role for the economy to grow on a healthy basis."

"By supporting the Turkish economy above the sector, we increased our TL loans in the quarter to 309 billion TL with 17% growth. It was a quarter in which we gained market share from the sector in both TL and foreign currency loans. We are the leader in consumer loans among private banks*. We also have the highest market share in acquiring and issuing in the sector. We derive the power of our sustainable growth from our effective asset-liability management and solid capital structure. We have completed the first quarter of 2022 with a very strong financial performance and net customer growth exceeding half a million." he said.

Recep Baştuğ continues as follows: “With our continuous and uninterrupted investments in technology, we strive to offer a full-range, integrated banking platform that includes easy, accessible and personalized banking transactions and services across all channels. In this context, we aim to listen to the needs of our customers and respond to them as soon as possible. Artificial intelligence and machine learning, which can be integrated into all kinds of business processes, enable us to offer smarter, differentiated and personalized experiences for our customers.

The benefits we can provide to individuals and society as the financial sector are not limited to the financial needs and situations of our customers. I think that sustainability practices are one of the most important value creation mechanisms in the industry. With our motto "We take good care of the world, we take good care of the future" and our innovative financing models, we take a leading role in the green transformation of our country. We have clear goals and commitments in this regard. Since 2014, we have been financing only renewable projects in the energy sector within the scope of project finance. Last year we decided not to finance coal and by 2040 we will zero the coal risk in our portfolio. We became the only company from Turkey to be included in the Emerging Markets category (DJSI - Dow Jones Sustainability Index Emerging Markets) in the Dow Jones Sustainability Index (DJSI) for the 7th consecutive year. We integrate environmental, social and governance criteria into our business models and contribute significantly to sustainable development goals.

As Garanti BBVA, we value, not only the impact we have created in the economy but also the value we add to the environment, social life and technology, and we act with this awareness. I would like to thank all of our stakeholders, especially our customers who participated in this journey, supported and trusted us, along with my colleagues who made a great effort and contribution in this process.”

*According to BRSA financials as of December 2021.

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

7.1.1 Selected Figures of Consolidated Financial Statements

Selected Balance Sheet Items	Current Period 31.Mar.2022	Prior Period 31.Dec.2021	Change Δ %
Total Assets	953,347,155	850,475,600	12.1%
Loans*	566,148,088	492,589,718	14.9%
- Performing Loans	548,041,373	475,285,220	15.3%
- Non-Performing Loans	18,106,715	17,304,498	4.6%
Customer Deposits	651,582,488	580,376,196	12.3%
Shareholders' Equity	96,965,406	80,300,855	20.8%
* Excludes Leasing and Factoring receivables			
Selected P&L Items	Current Period 31.Mar.2022	Prior Period 31.Mar.2021	Change Δ %
Net Interest Income	14,243,833	6,844,703	108.1%
Operating Expenses	5,285,523	3,279,336	61.2%
- HR Cost	2,023,051	1,220,870	65.7%
- Other Operating Expenses	3,262,472	2,058,466	58.5%
Net Fees&Commissions	3,206,043	2,067,219	55.1%
Net Income	8,262,614	2,697,476	206.3%

Selected Financial Ratios	Current Period 31.Mar.2022	Prior Period 31.Dec.2021	Change Δ bps
Performing Loans/Assets	57.5%	55.9%	160
Customer Deposits/Assets	68.3%	68.2%	11
Return on Average Equity	37.5%	18.9%	1865
Return on Average Assets	3.7%	2.0%	165
Non-Performing Loans Ratio	3.3%	3.6%	-32
Capital Adequacy Ratio*	14.8%	14.0%	85
* Calculated without the forbearance introduced by BRSA			
Market Shares*	Current Period 31.Mar.2022	Prior Period 31.Dec.2021	Change Δ bps
Performing Loans	10.1%	9.7%	34
TL Performing Loans	10.5%	10.2%	37
FC Performing Loans	9.3%	9.1%	23
Customer Deposits	10.8%	10.8%	5
TL Customer Deposits	10.2%	10.4%	-15
FC Customer Deposits	11.3%	11.1%	16
*Market Shares are calculated per bank-only financials, for fair comparison			
Garanti with Numbers¹	Current Period 31.Mar.2022	Prior Period 31.Dec.2021	Change Δ %
Branch Network	869	872	-0.3%
Number of Employees	18,500	18,354	0.8%
ATM	5,396	5,401	-0.1%
POS*	725,154	700,616	3.5%
Number of Customers	20,787,625	20,271,437	2.5%
Number of Digital Customers**	11,515,377	11,040,150	4.3%
Number of Credit Card Customers	8,150,361	7,903,799	3.1%
¹ Subsidiaries are not included.			
*Includes shared and virtual POS.			
** Active customers only -- min. 1 login or call per quarter			

7.2 The amendments in the articles of association during period of 01.01.2022-31.03.2022

There is no change during the period.

7.3 Announcements regarding important developments in the period of 01.01.2022-31.03.2022

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

7.4 Assessment of financial information and risk management

You may find information regarding the assessment of financial position, profitability and debt payment capability, risk management explanations and ratings in the financial statements for the period ended 31 March 2022. Additionally, you may find detailed information in the earnings presentation regarding financial results of the related period published on Garanti BBVA Investor Relations website at www.garantibbvainvestorrelations.com.

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

7.5 Information regarding management and corporate governance practices

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

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

7.6 Forward looking statements regarding the expectations

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