



Established in 1991, Garanti BBVA Securities is among Türkiye's leading brokerage houses in brokerage and investment banking services in domestic and overseas capital markets as well as in advisory services for investments, company mergers and acquisitions, public offerings, corporate bond issuances and privatization. Garanti BBVA Securities furnishes brokerage and investment banking service in domestic and overseas capital markets to investors with its intensive distribution network, superior technology, powerful brand image, experienced teams, innovative character and solid shareholding structure.

2022 Key Data

5.44% (#4)
Equity
Market share

4.34% (#6)
Derivative
Market share

5 companies
Intermediated for
public offerings

2.7 bn TL
IPO Brokerage

1.2 bn TL
Net Profit

>500k
Active client

2023 Strategic Priorities

- Improving the customer experience by updating the e-Trader application with rich functions and content, and serving customers through a single platform by adding foreign markets to the e-Trader application.



Established in 1990 to engage in leasing activities in Türkiye and abroad, Garanti BBVA Leasing serves its clients in Türkiye through its 14 branches, call center, its website, mobile site and social network channels. In addition to its contribution to the Bank's BRSA consolidated financials, the Company continues to create value through its 100% owned subsidiary Garanti BBVA Fleet, which ended the year 2022 generating TL 1,007 million in profits.

2022 Key Data

TL 16,614 million
Total Assets
(+55% YoY)

TL 7,565 million
2022 Registered Contracts
New Business Volume
(+54% YoY)

TL 1,414 million
Net Profit (+101% YoY)

1.3%
Asset contribution

2023 Strategic Priorities

- Expanding the customer base through increasing the number of new customers and providing quick and high-quality funding for their investments.
- Increasing the market share in the clean energy sector.
- Continuing to provide end-to-end solutions to the customers based on our experience in diverse industries.



Established in 1992 as a life insurance company, Garanti BBVA Pension and Life expanded its scope with private pension operations in 2002. After entering into partnership with Achmea in 2007, one of the strongest insurance companies in Europe, the company began to offer a variety of insurance products that were already available in Europe. As the most effective user of bank insurance; the company offers the most extensive service at its 12 regional offices and nearly 900 Garanti BBVA branches.

2022 Key Data

TL 1,000.9 million
Net Profit
(+58% YoY)

TL 4.9 billion
Total Assets
(+59% YoY)

TL 58,081 million
Total Pension
Fund Size

2,607 million
Total Number of Pension
Participants (as of
23.12.2022)

16.37%
Total Number of Pension
Participants' Market Share
(as of 23.12.2022)

2023 Strategic Priorities

- Expanding the market share in under-18 private pension system.
- Keep increasing the automation of business processes and digitalization of the client base.
- Reaching more clients in terms of fund advisory.

Important Developments Regarding 2022 Operations

IMPORTANT DEVELOPMENTS REGARDING 2022 OPERATIONS INFORMATION ON SHARE BUYBACKS BY THE BANK

The Bank did not buy back any of its own shares in 2022.

INFORMATION ON PRIVATE AUDIT AND PUBLIC AUDIT CONDUCTED DURING THE FISCAL YEAR

Under the applicable legislation, routine audits are conducted by supervisory authorities such as the Banking Regulation and Supervision Agency (BRSA), the Capital Markets Board of Türkiye (CMB), the Ministry of Treasury and Finance, the Undersecretariat of Treasury and the Central Bank of the Republic of Türkiye (CBRT). Detailed information about the administrative fines imposed against the Bank in 2022 by supervisory authorities as a result of auditing is provided herein below.

INFORMATION ON LAWSUITS FILED AGAINST THE BANK, WHICH MAY AFFECT THE FINANCIAL STATUS AND OPERATIONS OF THE BANK AND THEIR POTENTIAL RESULTS

The Competition Board decision dated 08.03.2013 and no. 13-13/198-100: As the result of the investigation conducted to determine whether 12 financial institutions including Garanti BBVA and its subsidiaries Garanti Payment Systems and Garanti BBVA Mortgage (Garanti Economic Group) violated Article 4 of the Law on the Protection of Competition no. 4054 through engaging in a deal and/or concerted act for jointly setting interest rates, fees and commissions for deposit, loan and credit card services; with its decision dated 08 March 2013, no. 13-13/198-100, the Competition Board resolved to levy an administrative fine of TL 213,384,545.76 on the grounds that Garanti Economic Group violated Article 4 of the Law on the Protection of Competition. Believing this decision to be contrary to law and was based on inadequate examination, our Bank filed a lawsuit for the annulment of the decision. Before filing lawsuit, the administrative fine has been paid benefiting from 1/4 early payment discount. Ankara 2nd Administrative Court disregarded our defense in its entirety and dismissed the case. This time, an appeal was lodged with the higher court against this unfair and

unlawful ruling. The 13th Chamber of the Council of State adjudged dismissal of our appeal and approved the ruling of the first degree court. For this unfair and unlawful adjudgment, our Bank applied for revision of decision. In this case, the 13th Chamber of the Council of State reversed the judgment of the first degree court on the grounds that it was not established with adequate standard of proof (beyond reasonable doubt) that all of the banks investigated by the Competition Board were aware of a single framework agreement in relation to deposit, loan, credit card or public deposit services or that joint groups were aware of the said framework agreement or common plan, just like we defended, and hence the judgment was based on inadequate examination. Following reversal, the first degree court decided to sustain the original ruling. An appeal was lodged against the unfair and unlawful decision, and the Plenary Session of Administrative Law Divisions adjudged to accept our appellate plea and to reverse the first degree's decision to sustain its original ruling. The Competition Board, applied for revision of decision, which was rejected by the Plenary Session of Administrative Law Divisions. Following

this ruling, the first degree court decided annulment of the administrative fine, upon which the deposited administrative fine amount was refunded. In response, the Competition Board resorted to appeal. The post-appellate decision of the Plenary Session of Administrative Law Divisions is being awaited.

INFORMATION ON ADMINISTRATIVE OR JUDICIAL SANCTIONS IMPOSED ON THE BANK AND ITS MANAGING MEMBERS DUE TO ANY PRACTICE CONTRARY TO THE LAWS AND REGULATIONS

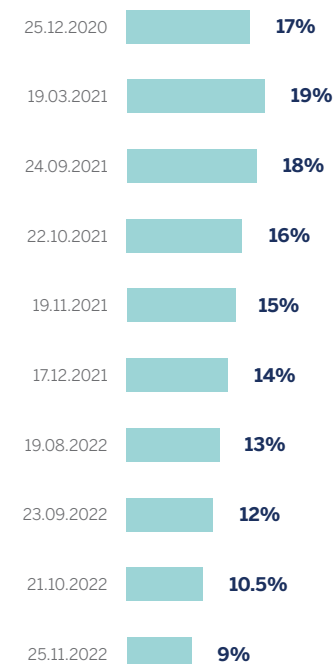
During 2022, administrative fines levied by regulatory and supervisory authorities on our Bank amounted to TL 14,585,831.50. Taking advantage of the cash payment discount, the discounted amount of TL 10,970,551.75 was paid and entered into accounts as expense in 2022.

INFORMATION ON REGULATORY CHANGES IN 2022 THAT MAY HAVE A MATERIAL IMPACT ON THE OPERATIONS OF THE BANK

CBRT Policy Rate

The Monetary Policy Committee (MPC) started the policy rate cuts, which is the one-week repo auction rate, on 24 September 2021. The progressive rate reduction continued through 2022, reaching 9% on November 25. In their latest statement, the MPC stated that the prevailing policy rate is adequate and they have chosen to cease the rate-cutting cycle.

Policy Rate



During 2022, the MPC utilized macro-prudential tools and implemented additional steps to ensure the effectiveness of the monetary policy. These measures have been tracked and modified during the year in order to assess the performance of liraization-oriented approaches and selective credit expansion. Accordingly, banks have been the primary channel to ensure the success of these strategies.

FOREIGN CURRENCY PROTECTED DEPOSIT SCHEME

Until September 2022 liraization strategy was mainly conducted by the use of Foreign Currency Protected Deposits in which their structure can be seen in Table-1. The regulator specified and adjusted particular conversion rate thresholds for banks to meet during the year. As a result, if banks were unable to fulfil the maximum threshold criterion, they were required to pay commission, increase reserve requirements, and allocate fixed coupon, long-term maturity TL securities.

Table-1

Related Institution	Currency devaluation support for TL deposits switched from FX	Currency devaluation support for existing TL deposits
	Central Bank of Turkey	Treasury
Deposits subject to the support	For FC deposits (\$,€,£) that are effective as of December 20	TL deposits
USD/TL	CBRT bid price @11am IST time	CBRT bid price @11am IST time
Min TL deposit rate	9% (max rates will be determined by CBRT per amendment on February 1 st)	9%, max. 12% (3% above policy rate)
Interest rate @ maturity	If TO-T1 \$/TL currency change >14%, then difference will be paid by CB, otherwise the rate is 14%	If TO-T1 \$/TL currency change >14%, then difference will be paid by Treasury, otherwise rate 14%
Maturity	3 months, 6 months, 12 months For corporate & Commercial customers min maturity is 6 months, max. 12 months.	3 months, 6 months, 9 months, 12 months
Renewal	can be utilized only 1 time	can be renewed
Withholding tax	0%	0%
In case of early closure	Principle is protected	if TL appreciates, lower principle will be paid

KEY REGULATIONS IN CHRONOLOGICAL ORDER

January	<ul style="list-style-type: none"> Commission on foreign currency reserve requirements is set as 1.5% for the banks whose foreign currency-protected deposit have conversion rates lower than 20%. The Regulation on the Operation Principles of Digital Banks and Service Model Banking has entered into force as of January 2022.
April	<ul style="list-style-type: none"> Remuneration rate in TL reserve requirements is decreased from %8.5 to %0. Remuneration rate for TL reserve requirements calculated for Foreign Exchange-Protected Deposit converted to TL, is decreased from 14% to 0%. Pursuant to the Central Bank of Republic of Türkiye (CBRT)'s reserve requirement arrangement dated April 23, 2022; <ul style="list-style-type: none"> Commercial loans which have been extended in 4 week periods since 1 April 2022, is subject to a reserve requirement of 10%. For banks with a loan growth rate above 20% by 31 May 2022 compared to 31 December 2021: the difference between their outstanding loan balances on 31 March 2022 and 31 December 2021 is subject to reserve requirements of 20% of this difference, for a period of 6 months. Banks that have a conversion rate below 5% is subject to 500bps higher reserve requirement ratio. Banks that have a conversion rate between 5% to 10% is subject to 300bps higher reserve requirement ratio. If the conversion rate is still less than 10%, as of 2 September 2022, additional 1.5% commission on foreign currency reserve requirements is set. The Communiqué on the Decree No. 32 Regarding the Protection of the Value of the Turkish Currency numbered 2008-32/34 has been amended in order to set forth the obligation for determining the payment obligations in Turkish Lira currency as per the agreements for the sale of movables. BRSA resolved that the application with regard to the calculation of the main amount subject to the credit risk will continue to be applied over the CBRT FX buying rate on the 31.12.2021 and also resolved the domestic SME's turnover and the risk weight for the commercial loans to be extended as of May 1st, 2022. The Communiqué on Supporting the Conversion of Turkish Lira Deposits and Participation Accounts (No: 2021/14) regulating the Foreign Currency Protected TRY Deposit Account Converted From FX Currencies product amended in 2022. Accordingly, the domestic legal entities can open Turkish Lira Deposit and Participation Accounts with their existing balances in banks between 31.12.2021 and 31.03.2022. This date range has been extended with the aforementioned amendment to any date between 31.12.2021 and 31.03.2022 and further to 30.06.2022, 30.09.2022 and finally 31.12.2022.

May

- Pursuant to the changes made to the Banking Law numbered 5411, deposit insurance was expanded in order to include legal person customers as well. Additionally, exceptions were determined as per corporate income tax for the companies which holds the fx deposit included in their balance sheets as of Q1 in the foreign currency protected time deposit accounts for at least three months until the end of 2022.

June

- Communiqué on Securities Establishment was entered into force. A security obligation of 3% of foreign currency deposit is established. The securities must be fixed coupon and their maturities will be between 5 and 10 years. (For those whose conversion rate is under %10, the obligation rate will be 5% (3% + 2%) and for those under 5%, the obligation rate will be 10% (3% + 7%). For the unfilled part of the obligation 3 times the foreign currency deposit will be required as a reserve requirement.
- For general purpose loans with an amount larger than TL 100.000, the maturity requirement is decreased to 12 months from 24 months.
- The minimum payment requirement for credit cards with a limit above TL 25.000 is increased to 40% from 20%.
- The reserve requirement on TL commercial loan disbursements is increased to 20% from 10%.
- BRSA limited the extension of commercial loans in Turkish Lira currency for the companies which owns foreign currency cash assets more than 15,000,000 TRY.

July

- Reserve requirement rate of commercial loans is increased from 10% to 20%.
- Commission on foreign currency deposit reserve requirements is set as 5.0% for the banks whose conversion rates are lower than 10% as of 8 July 2022 and lower than %20 as of 2 September 2022.
- The practice of charging double commission from banks whose conversion rate could not reach 10% separately for real and legal persons is abolished.
- The limitation on the extension of commercial loans in Turkish Lira currency was loosened with further arrangements with regard to the type of loans subject to the limitation or the calculation methods or the relevant company's subjective conditions.
- The Regulation on the Disclosure of Confidential Information drafted by the BRSA has entered into force as of 1 July 2022, governing the confidentiality and non-disclosure of confidential client information under article 73/3 of Banking Law numbered 5411. Accordingly, confidential bank and client data shall not be disclosed to third parties except to those parties specified under the legislation and for strictly limited purposes.

August

- Cash reserve requirement obligation of 20%, which was required to be established for a 1-month period, is abolished.
- For non-selective loans¹, 30% of the amount must be allocated as fixed coupon, long term TL security for a period of 1 month. Furthermore, it is obligatory to allocate fixed coupon, long term TL security for a period of 1 year, equal to the loan amount exceeding the monthly growth rate of 3%, as of the last Friday of each following month starting from 29 July 2022.
- As of 30 December 2022, the obligation to allocate fixed coupon, long term TL security for 1 year, equal to the loan amount, which caused an increase of more than 10% in the loan stock balance subject to required reserves compared to 29 July 2022 is introduced.
- If selective loans¹ are not extended against expenditure, they will be subject to fixed coupon, long term TL security allocation.
- Interest rate cap for commercial loans, depending on the annual compound reference rate published by the Central Bank, is introduced. If the commercial loans are extended above the interest caps, they will be subject to long term, fixed coupon TL security allocation. Please refer to table 2 for its details.
- Additional 300 bps on foreign currency reserve requirement is set if conversion rate of real and commercial foreign currency accounts to TL is between %10 to %20 and 500bps if it is below 10%.
- Another circular was published by BRSA as per the Regulation on Disclosure of Confidential Information was introduced in August 2022 and within this scope, certain concepts were elaborated alongside with some principles with regard to disclosures to the main shareholder and disclosures of personal data with special nature.

September

- Keeping 3 times foreign currency deposit as a reserve requirement, which was a penal requirement concerning regulations that mandate allocation of long term, fixed coupon TL securities, is abolished.
- If the ratio of total deposits to TL deposits of legal and real TL deposits is separately under 50% then 3% TL commission is required on foreign currency deposit reserve requirement. Please refer to table 3 for its details.
- Communiqué Amending the Communiqué (Number 2020/4) on the Procedures and Principles Regarding Fees to be Collected by Banks from Commercial Customers (No:2022/26) was published and entered into force on 23.09.2022:
 - For commercial loans with a maturity of less than 1 year, maximum 1.1% loan disbursement fee is applied.
 - The Commercial Credit Limit Allocation fee in limit renewals is set as maximum 0.125% of the renewed limit.
- Regulation amending the Regulation on Consumer Loan Agreements was published on 23.09.2022. Changes regarding the preliminary information obligation and the mandatory content of the fixed term consumer loan agreement will enter into force on 01.01.2023 and other changes entered into force on 01.10.2022. With the amendments made in the Consumer Loan Agreements Regulation; the scope of the information required to be in the information form given to the consumers with respect to the relevant loan has been expanded. The loan related insurances can be made only if the consumer accepts and demands it.

October

- Security allocation base of 3% of foreign currency deposits is revised to 5%. Please refer to table 4 for its details.
- The limitation on the extension of commercial loans in Turkish Lira currency was loosened with BRSA's resolution dated October 21, 2022 as per the decrease in thresholds and the date as of which the customers are obliged to present an representation & undertaking.

December

- With the communiqué published in the Official Gazette dated 10 December 2022, all foreign currency general and specific provisions are included in foreign currency liabilities and included in the Standard Ratio calculation. In addition, the Standard Ratio (foreign currency net general position/equity) has been reduced from 20% to 5%. In addition to nominal values, delta values of option transactions will also be taken into account in FX forward purchase/sale commitments
- The amount of deposit and participation funds subject to insurance was determined as 400,000 TRY as of the beginning of the 2023 calendar year by Savings Deposit Insurance Fund.
- The discount interest rate applicable to the rediscount transactions in exchange for bills with a remaining period less than 3 months until its maturity was determined as %9,75 per annum.
- The interest rate applicable to the advance transactions was determined as %10,75 per annum.
- Pursuant to the communiqué of CBRT dated 30 December 2022, (1) other financial institutions have also been included in the scope of the securities maintenance regulation. (2) The maintenance obligation according to loan interest rate and loan growth rate has been extended until 29 December 2023. (3) The scope of assets and liabilities of banks subject to the securities maintenance practice has been expanded to cover a) funds obtained from FX repo transactions, b) financial derivative transactions with FX funders to take FX funds off balance sheet, and c) securities issued by the real sector; 4) The securities maintenance practice introduced will ensure a balanced course in FX loans in line with the decline in foreign currency funding items, as security maintenance will be required if the changes in balances of FX loans vs. FX funds differ; and finally, 5) The facilities of maintaining gold for TL reserve requirements have been terminated as of 23 June 2023.

¹ Please refer to below link for the definition of selective and non-selective loans. <https://www.tcmb.gov.tr/wps/wcm/connect/EN/TCMB+EN/Main+Menu/Announcements/Press+Releases/2022/ANO2022-24>

Summary of the Board of Directors' Annual Report

2022 has been a turbulent and highly uncertain year from the standpoint of global economies. Inflation, climate change and the slowdown in growth were the main agenda items of the global economies. The outlook remains pressured by the all-time high inflation rates, globally tightened financial conditions and Russia's invasion of Ukraine. It is observed that global demand has started to cool down with the normalization of fiscal and monetary policies, which provided an unprecedented support to the economy during the pandemic period, and the implementation of tight monetary policies. With the steps taken to prevent inflationary pressures and deteriorated financial conditions, growth of global economies is anticipated to slow down from 6% in 2021 to 3.4% in 2022 and 2.9% in 2023, which points at the weakest growth profile since 2001 apart from the global financial crisis and COVID-19. The more striking emphasis is that the global economic outlook is still full of uncertainties and the main factor that suppresses growth is inflation.

Looking at the Turkish economy, while inflationary pressures were also experienced in the country, economic growth maintained its strong course with the effect of expansionary monetary policies, above expectation tourism revenues and credit growth. While 2022 growth is estimated to reach a strong 5.3%, the upside risks on inflation persist.

Macro prudential policies and regulations introduced during year have significantly impacted the balance sheets of banks. Amid this environment, Garanti BBVA continued to support its customers by adhering to the Bank's strategy to preserve and reinforce its capital structure. The Bank's management quickly adapted to this challenging process and comfortably fulfilled both the regulatory authorities' and the stakeholders' expectations.

As Garanti BBVA, we are happy to report the continued improvement in our operating results once again this year. Thanks to our healthy and strong

balance sheet structure in terms of capital generation capability, liquidity and profitability ratios, we continue to support the economy uninterrupted. Our support to the economy continues uninterrupted thanks to our balance sheet composition that remains healthy and strong with respect to capital generation capacity, liquidity and profitability ratios. **In 2022, the Bank posted a consolidated profit of TL 58 billion 510 million.** In a highly volatile and uncertain year, given the prudent risk approach of Garanti BBVA, the Bank set aside TL 500 million in free provisions, bringing **the total free provisions in the balance sheet to TL 8 billion.** In 2022, Garanti BBVA's return on equity was registered as 51.0% and return on assets was 5.4%. Capital adequacy ratio went up from 14.0% at the end of 2021 to 16.8%, excluding BRSA's forbearances, well above the regulatory limits. **The Bank's solid revenue generation capability, sound liquidity and capital ratios carries it to a leading position in the sector.**

Table-2	Annual Compound Rates	Commercial Loan Rate Thresholds	
		20% of the loan amount allocated	90% of the loan amount allocated
December	10.31%	14.43%	18.56%
November	12.19%	17.10%	21.94%
October	13.96%	19.54%	25.13%
September	15.34%	21.48%	27.61%
August	16.32%	22.85%	29.38%

Table-3	
Ratio of total deposits to TL deposits	Commission rate to CBRT
If below 50%	8%
If between 50-60%	3%
If above 60%	0%

Table-4	
Ratio of total deposits to TL deposits	Security allocation (until 24 Feb. 2023)
If below 50%	5% base + 7%
If between 50-60%	5% base + 2%
If above 60%	5% base