

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

Türkiye Garanti Bankası Anonim Şirketi
Publicly Announced Unconsolidated Financial
Statements, Related Disclosures and Independent
Auditors' Report Thereon
as of and for the Six-Month Period Ended
30 June 2022

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



**Building a better
working world**

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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 Unconsolidated Interim Financial Information

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

Introduction

We have reviewed the unconsolidated statement of financial position of Türkiye Garanti Bankası A.Ş. ("the Bank") at June 30, 2022 and the related unconsolidated statement of profit or loss, unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in shareholders' equity, unconsolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the unconsolidated financial statements for the six 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.8.4, the accompanying unconsolidated financial statements as at June 30, 2022 include a free provision at an amount of TL 7,500,000 thousands which was provided in prior years by the Bank management for the possible effects of the negative circumstances which may arise from the possible changes in the economy and market conditions which does not meet the recognition criteria of TAS 37 "Provisions, Contingent Liabilities and Contingent Assets".



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Qualified Conclusion

Based on our review, except for the effect of the matter referred in the basis of qualified conclusion paragraph on the unconsolidated financial statements, nothing has come to our attention that causes us to believe that the accompanying unconsolidated financial statements do not give a true view of the financial position of Türkiye Garanti Bankası A.Ş. at June 30, 2022 and of the results of its operations and its cash flows for the six month period then ended in all aspects in accordance with the BRSA Accounting and Financial Reporting Legislation.

Other matter

The unconsolidated financial statements of the Bank as at December 31, 2021 and June 30, 2021 which were prepared in accordance with “BRSA Accounting Financial Reporting Legislation” were audited and reviewed by another audit firm respectively. Audit firm expressed a qualified opinion in their reports issued on February 2, 2022 since the unconsolidated financial statements which included in their reports include a free provision at an amount of TL 7,500,000 thousand out of which TL 4,650,000 thousand was provided in prior years and TL 2,850,000 thousand provided in 2021 by the Bank management as of December 31, 2021. Also Audit firm expressed a qualified conclusion in their reports issued on July 29, 2021 due to the free provision at an amount of TL 5,600,000 thousand of which TL 4,650,000 thousand provided in the prior years and TL 950,000 thousand provided in 2021 as of June 30, 2021 for the possible effects of the negative circumstances which may arise from the possible changes in the economy and market conditions.

Report on other regulatory requirements arising from legislation

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

Additional paragraph for convenience translation to English

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

July 28, 2022
İstanbul, Türkiye

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

**TÜRKİYE GARANTİ BANKASI ANONİM ŞİRKETİ
UNCONSOLIDATED FINANCIAL REPORT AS OF AND
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022**

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

1. General Information about the Bank
2. Unconsolidated Financial Statements of the Bank
3. Disclosures Related to Accounting Policies Applied in the Related Period
4. Financial Position and Risk Management Applications of the Bank
5. Disclosures and Footnotes on Unconsolidated Financial Statements
6. Limited Review Report
7. Interim Activity Report

The unconsolidated financial statements and related disclosures and footnotes that were subject to independent audit, 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 the 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 849 domestic branches, 8 foreign branches and 1 representative offices abroad (31 December 2021: 863 domestic branches, 8 foreign branches and 1 representative offices). The Bank’s head office is located in Istanbul.

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

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

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

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

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

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

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

BBVA Group

BBVA is operating for more than 160 years, providing variety of wide spread financial and non-financial services to 82.9 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 111 thousand employees.

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

Board of Directors Chairman and Members:

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

CEO and Executive Vice Presidents:

Name and Surname	Responsibility	Appointment Date	Education	Experience in Banking and Business Administration
Recep Baştuğ	CEO	06.09.2019	University	32 years
İlker Kuruöz	EVP-Engineering Services and Data	14.03.2018	Master	30 years
Mahmut Akten(*)	EVP-Corporate, Investment Banking and Global Markets	17.01.2017	Master	23 years
Işıl Akdemir Evlioğlu	EVP- Client Solutions	01.03.2020	Master	19 years
Cemal Onaran	EVP-Commercial Banking	17.01.2017	University	31 years
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
Ceren Acer Kezik(*)	EVP-Retail Banking	06.06.2022	Master	12 years
Murat Çağrı Süzer(*)	EVP-Payment Systems and Partnership	06.06.2022	Master	16 years
Sibel Kaya	EVP- SME Banking	02.02.2021	University	24 years

(*) Ebru Edin, who was the Executive Vice President of Corporate, Investment Banking and Global Markets, resigned from her position as of 1 June 2022. She was replaced by Mahmut Akten for Executive Vice President of Corporate, Investment Banking and Global Markets. As of 6 June 2022, Ceren Acer Kezik has been appointed as the Executive Vice President of Retail Banking, and Murat Çağrı Süzer has been appointed as the Executive Vice President of Payment Systems and Partnership.

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

1.4 Information on the Bank's qualified shareholders

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

1.5 Summary information on the 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 Current or likely actual or legal barriers to immediate transfer of equity or repayment of debts between the bank and its subsidiaries

None.

2 Unconsolidated Financial Statements

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Türkiye Garanti Bankası Anonim Şirketi Balance Sheet (Statement of Financial Position) At 30 June 2022

ASSETS		Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
			CURRENT PERIOD 30 June 2022			PRIOR PERIOD 31 December 2021		
			TL	FC	Total	TL	FC	Total
I. FINANCIAL ASSETS (Net)			109,125,073	206,630,567	315,755,640	96,070,689	172,989,187	269,059,876
1.1 Cash and Cash Equivalents	5.1.1		44,546,393	189,198,196	233,744,589	44,568,492	155,920,012	200,488,504
1.1.1 Cash and Balances with Central Bank			44,380,004	102,519,801	146,899,805	13,530,186	109,582,964	123,113,150
1.1.2 Banks			283,610	63,422,879	63,706,489	666,522	43,494,704	44,161,226
1.1.3 Money Market Placements			1,010	23,515,385	23,516,395	30,486,557	2,964,602	33,451,159
1.1.4 Expected Credit Losses (-)			118,231	259,869	378,100	114,773	122,258	237,031
1.2 Financial Assets Measured at Fair Value through Profit/Loss (FVTPL)	5.1.2		591,044	1,082,819	1,673,863	853,972	5,416,191	6,270,163
1.2.1 Government Securities			530,222	425,088	955,310	815,868	380,110	1,195,978
1.2.2 Equity Securities			59,950	86,833	146,783	37,263	99,701	136,964
1.2.3 Other Financial Assets			872	570,898	571,770	841	4,936,380	4,937,221
1.3 Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)	5.1.3		56,325,687	11,755,124	68,080,811	35,382,397	9,393,760	44,776,157
1.3.1 Government Securities			56,249,255	11,260,988	67,510,243	35,311,746	8,963,970	44,275,716
1.3.2 Equity Securities			76,432	494,136	570,568	70,651	429,790	500,441
1.3.3 Other Financial Assets			-	-	-	-	-	-
1.4 Derivative Financial Assets	5.1.4		7,661,949	4,594,428	12,256,377	15,265,827	2,259,224	17,525,052
1.4.1 Derivative Financial Assets Measured at FVTPL			7,176,489	3,994,106	11,170,595	14,519,162	2,175,921	16,695,083
1.4.2 Derivative Financial Assets Measured at FVOCI			485,460	600,322	1,085,782	746,666	83,303	829,969
II. FINANCIAL ASSETS MEASURED AT AMORTIZED COST			395,285,559	199,844,762	595,130,321	286,850,108	153,233,623	440,083,731
2.1 Loans	5.1.5		378,289,132	174,758,781	553,047,913	273,785,070	151,069,530	424,854,600
2.2 Lease Receivables	5.1.6		-	-	-	-	-	-
2.3 Other Financial Assets Measured at Amortized Cost	5.1.7		33,449,039	40,413,758	73,862,797	22,748,762	19,276,562	42,025,324
2.3.1 Government Securities			33,416,097	37,823,065	71,239,162	22,714,693	17,247,652	39,962,345
2.3.2 Other Financial Assets			32,942	2,590,693	2,623,635	34,069	2,028,910	2,062,979
2.4 Expected Credit Losses (-)			16,452,612	15,327,777	31,780,389	9,683,724	17,112,469	26,796,193
III. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	5.1.8		487,015	-	487,015	532,647	-	532,647
3.1 Asset Held for Resale			487,015	-	487,015	532,647	-	532,647
3.2 Assets of Discontinued Operations			-	-	-	-	-	-
IV. INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES			6,596,887	16,831,505	23,428,392	5,558,317	14,411,838	19,970,155
4.1 Associates (Net)	5.1.9		47,701	-	47,701	47,221	-	47,221
4.1.1 Associates Consolidated Under Equity Accounting			-	-	-	-	-	-
4.1.2 Unconsolidated Associates			47,701	-	47,701	47,221	-	47,221
4.2 Subsidiaries (Net)	5.1.10		6,549,186	16,831,505	23,380,691	5,511,096	14,411,838	19,922,934
4.2.1 Unconsolidated Financial Investments in Subsidiaries			6,523,712	16,831,505	23,355,217	5,489,289	14,411,838	19,901,127
4.2.2 Unconsolidated Non-Financial Investments in Subsidiaries			25,474	-	25,474	21,807	-	21,807
4.3 Joint Ventures (Net)	5.1.11		-	-	-	-	-	-
4.3.1 Joint-Ventures Consolidated Under Equity Accounting			-	-	-	-	-	-
4.3.2 Unconsolidated Joint-Ventures			-	-	-	-	-	-
V. TANGIBLE ASSETS (Net)	5.1.12		6,806,696	366	6,807,062	5,194,595	346	5,194,941
VI. INTANGIBLE ASSETS (Net)	5.1.13		860,958	-	860,958	771,668	-	771,668
6.1 Goodwill			-	-	-	-	-	-
6.2 Others			860,958	-	860,958	771,668	-	771,668
VII. INVESTMENT PROPERTY (Net)	5.1.14		1,380,408	-	1,380,408	814,148	-	814,148
VIII. CURRENT TAX ASSET			-	-	-	-	-	-
IX. DEFERRED TAX ASSET	5.1.15		6,069,890	-	6,069,890	4,226,924	-	4,226,924
X. OTHER ASSETS (Net)	5.1.16		24,720,132	7,019,207	31,739,339	12,017,769	6,208,293	18,226,062
TOTAL ASSETS			551,332,618	430,326,407	981,659,025	412,036,865	346,843,287	758,880,152

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

Türkiye Garanti Bankası Anonim Şirketi
Balance Sheet (Statement of Financial Position)
At 30 June 2022

LIABILITIES AND SHAREHOLDERS' EQUITY	Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
		CURRENT PERIOD 30 June 2022			PRIOR PERIOD 31 December 2021		
		TL	FC	Total	TL	FC	Total
I. DEPOSITS	5.2.1	278,294,347	380,389,263	658,683,610	180,483,956	332,755,601	513,239,557
II. FUNDS BORROWED	5.2.2	946,631	39,895,548	40,842,179	1,119,813	35,693,426	36,813,239
III. MONEY MARKET FUNDS	5.2.3	25,445,035	1,245,365	26,690,400	7,402,927	2,226,671	9,629,598
IV. SECURITIES ISSUED (NET)	5.2.4	769,858	20,959,608	21,729,466	5,346,082	16,496,903	21,842,985
4.1 Bills		-	161,569	161,569	4,089,879	-	4,089,879
4.2 Asset Backed Securities		-	-	-	-	-	-
4.3 Bonds		769,858	20,798,039	21,567,897	1,256,203	16,496,903	17,753,106
V. FUNDS		-	-	-	-	-	-
5.1 Borrowers' Funds		-	-	-	-	-	-
5.2 Others		-	-	-	-	-	-
VI. FINANCIAL LIABILITIES MEASURED AT FVTPL	5.2.5	-	25,093,602	25,093,602	-	24,035,836	24,035,836
VII. DERIVATIVE FINANCIAL LIABILITIES	5.2.6	6,821,423	11,023,332	17,844,755	6,938,591	6,024,155	12,962,746
7.1 Derivative Financial Liabilities Measured at FVTPL		6,820,687	11,020,361	17,841,048	6,897,380	5,784,248	12,681,628
7.2 Derivative Financial Liabilities Measured at FVOCI		736	2,971	3,707	41,211	239,907	281,118
VIII. FACTORING PAYABLES		-	-	-	-	-	-
IX. LEASE PAYABLES (Net)	5.2.7	893,707	121,725	1,015,432	778,439	77,661	856,100
X. PROVISIONS	5.2.8	4,589,128	9,826,068	14,415,196	4,082,854	8,957,984	13,040,838
10.1 Restructuring Reserves		-	-	-	-	-	-
10.2 Reserve for Employee Benefits		1,916,005	78,024	1,994,029	1,727,204	98,603	1,825,807
10.3 Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4 Other Provisions		2,673,123	9,748,044	12,421,167	2,355,650	8,859,381	11,215,031
XI. CURRENT TAX LIABILITY	5.2.9	1,309,073	35,391	1,344,464	2,587,170	69,205	2,656,375
XII. DEFERRED TAX LIABILITY		-	-	-	-	-	-
XIII. LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	5.2.10	-	-	-	-	-	-
13.1 Asset Held for Sale		-	-	-	-	-	-
13.2 Assets of Discontinued Operations		-	-	-	-	-	-
XIV. SUBORDINATED DEBTS	5.2.11	1,027,633	12,510,984	13,538,617	1,030,662	9,880,843	10,911,505
14.1 Borrowings		-	-	-	-	-	-
14.2 Other Debt Instruments		1,027,633	12,510,984	13,538,617	1,030,662	9,880,843	10,911,505
XV. OTHER LIABILITIES	5.2.12	40,821,164	7,913,193	48,734,357	28,966,245	3,943,869	32,910,114
XVI. SHAREHOLDERS' EQUITY	5.2.13	112,789,325	(1,062,378)	111,726,947	80,286,603	(305,344)	79,981,259
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		2,712,210	181,046	2,893,256	1,531,823	191,105	1,722,928
16.4 Other Comprehensive Income/Expense Items to be Recycled to Profit or Loss		20,074,183	(1,558,515)	18,515,668	8,575,312	(770,484)	7,804,828
16.5 Profit Reserves		62,828,078	315,091	63,143,169	51,045,044	274,035	51,319,079
16.5.1 Legal Reserves		1,616,487	-	1,616,487	1,506,754	-	1,506,754
16.5.2 Status Reserves		-	-	-	-	-	-
16.5.3 Extraordinary Reserves		61,107,326	-	61,107,326	49,269,359	-	49,269,359
16.5.4 Other Profit Reserves		104,265	315,091	419,356	268,931	274,035	542,966
16.6 Profit/Loss		22,190,420	-	22,190,420	14,149,990	-	14,149,990
16.6.1 Prior Periods' Profit/Loss		1,094,478	-	1,094,478	548,851	-	548,851
16.6.2 Current Period's Net Profit/Loss		21,095,942	-	21,095,942	13,601,139	-	13,601,139
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		473,707,324	507,951,701	981,659,025	319,023,342	439,856,810	758,880,152

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

Türkiye Garanti Bankası Anonim Şirketi

Off-Balance Sheet Items

At 30 June 2022

	Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
		CURRENT PERIOD			PRIOR PERIOD		
		30 June 2022			31 December 2021		
	TL	FC	Total	TL	FC	Total	
A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)							
I. GUARANTEES AND SURETIES	5.3.1	466,566,604	699,740,577	1,166,307,181	346,807,634	596,467,542	943,275,176
1.1. Letters of guarantee		67,301,457	106,392,534	173,693,991	44,306,497	84,699,341	129,005,838
1.1.1. Guarantees subject to State Tender Law		65,531,514	70,460,831	135,992,345	44,007,746	57,782,766	101,790,512
1.1.2. Guarantees given for foreign trade operations		-	2,597,376	2,597,376	-	2,359,247	2,359,247
1.1.3. Other letters of guarantee		3,547,999	725,170	4,273,169	3,089,307	1,106,832	4,196,139
1.2. Bank acceptances		61,983,515	67,138,285	129,121,800	40,918,439	54,316,687	95,235,126
1.2.1. Import letter of acceptance		244,879	3,358,905	3,603,784	65,766	2,685,971	2,751,737
1.2.2. Other bank acceptances		244,879	3,358,905	3,603,784	65,766	2,685,971	2,751,737
1.3. Letters of credit		-	-	-	-	-	-
1.3.1. Documentary letters of credit		227,864	31,896,858	32,124,722	160,485	23,014,869	23,175,354
1.3.2. Other letters of credit		-	-	-	-	-	-
1.4. Guaranteed prefinancings		227,864	31,896,858	32,124,722	160,485	23,014,869	23,175,354
1.5. Endorsements		-	-	-	-	-	-
1.5.1. Endorsements to the Central Bank of Turkey		1,297,200	530,138	1,827,338	72,500	1,056,461	1,128,961
1.5.2. Other endorsements		1,297,200	530,138	1,827,338	72,500	1,056,461	1,128,961
1.6. Underwriting commitments		-	-	-	-	-	-
1.7. Factoring related guarantees		-	-	-	-	-	-
1.8. Other guarantees		-	145,802	145,802	-	159,274	159,274
1.9. Other sureties		-	-	-	-	-	-
II. COMMITMENTS	5.3.1	135,423,831	61,253,916	196,677,747	101,591,900	30,130,756	131,722,656
2.1. Irrevocable commitments		134,890,416	58,446,715	193,337,131	101,034,570	17,195,616	118,230,186
2.1.1. Asset purchase and sale commitments		3,074,729	54,914,506	57,989,235	5,160,834	14,114,864	19,275,698
2.1.2. Deposit purchase and sale commitments		-	-	-	-	-	-
2.1.3. Share capital commitments to associates and affiliates		-	5,316	5,316	-	4,560	4,560
2.1.4. Loan granting commitments		46,434,344	3,526,893	49,961,237	30,189,679	3,076,192	33,265,871
2.1.5. Securities issuance brokerage commitments		-	-	-	-	-	-
2.1.6. Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7. Commitments for cheque payments		5,295,944	-	5,295,944	3,956,330	-	3,956,330
2.1.8. Tax and fund obligations on export commitments		157,114	-	157,114	116,784	-	116,784
2.1.9. Commitments for credit card limits		79,925,712	-	79,925,712	61,609,747	-	61,609,747
2.1.10. Commitments for credit cards and banking services related promotions		2,573	-	2,573	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		533,415	2,807,201	3,340,616	557,330	12,935,140	13,492,470
2.2.1. Revocable loan granting commitments		533,415	2,802,582	3,335,997	557,330	12,931,455	13,488,785
2.2.2. Other revocable commitments		-	4,619	4,619	-	3,685	3,685
III. DERIVATIVE FINANCIAL INSTRUMENTS	5.3.2	263,841,316	532,094,127	795,935,443	200,909,237	481,637,445	682,546,682
3.1. Derivative financial instruments held for risk management		7,109,801	50,167,809	57,277,610	9,997,807	57,572,415	67,570,222
3.1.1. Fair value hedges		-	13,061,323	13,061,323	400,000	10,367,175	10,767,175
3.1.2. Cash flow hedges		7,109,801	37,106,486	44,216,287	9,597,807	47,205,240	56,803,047
3.1.3. Net foreign investment hedges		-	-	-	-	-	-
3.2. Trading derivatives		256,731,515	481,926,318	738,657,833	190,911,430	424,065,030	614,976,460
3.2.1. Forward foreign currency purchases/sales		19,433,066	26,925,654	46,358,720	13,308,349	17,780,565	31,088,914
3.2.1.1. Forward foreign currency purchases		15,428,516	7,899,084	23,327,600	9,728,979	5,458,737	15,187,716
3.2.1.2. Forward foreign currency sales		4,004,550	19,026,570	23,031,120	3,579,370	12,321,828	15,901,198
3.2.2. Currency and interest rate swaps		221,473,730	348,360,048	569,833,778	164,194,177	311,301,976	475,496,153
3.2.2.1. Currency swaps-purchases		4,539,796	135,959,355	140,499,151	3,466,859	132,141,114	135,607,973
3.2.2.2. Currency swaps-sales		104,995,252	48,792,075	153,787,327	106,132,322	32,852,678	138,985,000
3.2.2.3. Interest rate swaps-purchases		55,969,341	81,804,309	137,773,650	27,297,498	73,154,092	100,451,590
3.2.2.4. Interest rate swaps-sales		55,969,341	81,804,309	137,773,650	27,297,498	73,154,092	100,451,590
3.2.3. Currency, interest rate and security options		13,784,406	20,645,574	34,429,980	12,284,808	22,228,111	34,512,919
3.2.3.1. Currency call options		6,264,704	6,567,699	12,832,403	4,417,926	6,898,987	11,316,913
3.2.3.2. Currency put options		7,519,702	7,761,647	15,281,349	7,866,882	6,448,093	14,314,975
3.2.3.3. Interest rate call options		-	3,322,475	3,322,475	-	4,982,841	4,982,841
3.2.3.4. Interest rate put options		-	2,993,753	2,993,753	-	3,691,321	3,691,321
3.2.3.5. Security call options		-	-	-	-	-	-
3.2.3.6. Security put options		-	-	-	-	-	-
3.2.4. Currency futures		2,040,313	1,861,232	3,901,545	1,124,096	1,112,905	2,237,001
3.2.4.1. Currency futures-purchases		1,086,604	901,638	1,988,242	809,350	301,139	1,110,489
3.2.4.2. Currency futures-sales		953,709	959,594	1,913,303	314,746	811,766	1,126,512
3.2.5. Interest rate futures		-	49,677	49,677	-	157,116	157,116
3.2.5.1. Interest rate futures-purchases		-	49,677	49,677	-	157,116	157,116
3.2.5.2. Interest rate futures-sales		-	84,084,133	84,084,133	-	71,484,357	71,484,357
3.2.6. Others		-	-	-	-	-	-
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		1,295,674,698	2,541,822,839	3,837,497,537	1,052,291,389	1,972,779,369	3,025,070,758
IV. ITEMS HELD IN CUSTODY		90,968,652	142,497,012	233,465,664	75,539,932	105,251,963	180,791,895
4.1. Customers' securities held		32,315,590	-	32,315,590	26,180,085	-	26,180,085
4.2. Investment securities held in custody		19,449,640	58,748,513	78,198,153	18,343,337	37,995,927	56,339,264
4.3. Checks received for collection		34,216,592	16,074,399	50,290,991	27,221,508	13,470,090	40,691,598
4.4. Commercial notes received for collection		4,329,059	2,632,812	6,961,871	3,427,104	1,772,129	5,199,233
4.5. Other assets received for collection		385,736	59,261,651	59,647,387	275,296	47,251,662	47,526,958
4.6. Assets received through public offering		-	402,053	402,053	-	319,790	319,790
4.7. Other items under custody		272,035	5,377,584	5,649,619	92,602	4,442,365	4,534,967
4.8. Custodians		-	-	-	-	-	-
V. PLEDGED ITEMS		1,204,706,046	2,399,325,827	3,604,031,873	976,751,457	1,867,527,406	2,844,278,863
5.1. Securities		14,148,427	10,046,986	24,195,413	7,750,984	5,992,958	13,743,942
5.2. Guarantee notes		22,817,292	29,843,064	52,660,356	22,906,994	23,858,796	46,765,790
5.3. Commodities		193,969	-	193,969	441,462	-	441,462
5.4. Warranties		-	-	-	-	-	-
5.5. Real estates		263,804,566	365,250,561	629,055,127	220,239,773	300,612,642	520,852,415
5.6. Other pledged items		903,741,792	1,994,184,965	2,897,926,757	725,412,244	1,537,062,795	2,262,475,039
5.7. Pledged items-depository		-	251	251	-	215	215
VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES		-	-	-	-	-	-
TOTAL OFF-BALANCE SHEET ITEMS (A+B)		1,762,241,302	3,241,563,416	5,003,804,718	1,399,099,023	2,569,246,911	3,968,345,934

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

Türkiye Garanti Bankası Anonim Şirketi

Statement of Profit or Loss

For the period ended at 30 June 2022

INCOME AND EXPENSE ITEMS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)			
		CURRENT PERIOD 1 January 2022 - 30 June 2022	PRIOR PERIOD 1 January 2021 - 30 June 2021	CURRENT PERIOD 1 April 2022 - 30 June 2022	PRIOR PERIOD 1 April 2021 - 30 June 2021
I. INTEREST INCOME	5.4.1	45,696,025	24,144,039	24,857,589	12,878,198
1.1 Interest income on loans		33,198,866	19,045,946	18,527,340	10,070,962
1.2 Interest income on reserve deposits		281,760	343,437	40,376	215,403
1.3 Interest income on banks		73,890	26,863	60,208	8,588
1.4 Interest income on money market transactions		1,687,565	598,881	680,510	375,852
1.5 Interest income on securities portfolio		10,200,037	3,909,547	5,412,965	2,102,794
1.5.1 Financial assets measured at FVTPL		55,590	54,567	17,703	28,864
1.5.2 Financial assets measured at FVOCI		5,354,231	1,973,536	2,673,416	1,092,338
1.5.3 Financial assets measured at amortised cost		4,790,216	1,881,444	2,721,846	981,592
1.6 Financial lease income		-	-	-	-
1.7 Other interest income		253,907	219,365	136,190	104,599
II. INTEREST EXPENSE	5.4.2	16,846,498	10,763,971	9,212,521	5,798,272
2.1 Interest on deposits		13,618,149	8,912,157	7,437,086	4,882,441
2.2 Interest on funds borrowed		1,107,259	648,741	626,225	323,237
2.3 Interest on money market transactions		162,268	117,503	137,947	96,221
2.4 Interest on securities issued		1,237,416	990,487	615,704	439,783
2.5 Lease interest expense		77,451	55,239	40,657	29,047
2.6 Other interest expenses		643,955	39,844	354,902	27,543
III. NET INTEREST INCOME (I - II)		28,849,527	13,380,068	15,645,068	7,079,926
IV. NET FEES AND COMMISSIONS INCOME/EXPENSES	5.4.12	6,524,821	3,874,418	3,574,472	2,015,327
4.1 Fees and commissions received		9,189,951	5,009,081	5,149,809	2,643,462
4.1.1 Non-cash loans		689,674	424,577	379,409	227,101
4.1.2 Others		8,500,277	4,584,504	4,770,400	2,416,361
4.2 Fees and commissions paid		2,665,130	1,134,663	1,575,337	628,135
4.2.1 Non-cash loans		1,062	1,120	52	583
4.2.2 Others		2,664,068	1,133,543	1,575,285	627,552
V. DIVIDEND INCOME	5.4.3	30,883	15,898	29,249	14,852
VI. NET TRADING INCOME/LOSSES (Net)	5.4.4	5,139,247	(1,268,156)	3,072,765	(1,337,890)
6.1 Trading account income/losses		3,923,447	675,077	3,096,660	(482,533)
6.2 Income/losses from derivative financial instruments		(19,121,682)	(1,084,987)	(5,612,801)	(5,813,601)
6.3 Foreign exchange gains/losses		20,337,482	(858,246)	5,588,906	4,958,244
VII. OTHER OPERATING INCOME	5.4.5	7,229,104	4,784,712	3,421,066	1,853,883
VIII. TOTAL OPERATING PROFIT (III+IV+V+VI+VII)		47,773,582	20,786,940	25,742,620	9,626,098
IX. EXPECTED CREDIT LOSSES (-)	5.4.6	12,420,827	7,649,836	5,739,609	2,723,093
X. OTHER PROVISIONS (-)	5.4.6	2,094,063	2,076,152	986,607	1,129,667
XI. PERSONNEL EXPENSES (-)		3,480,735	2,144,592	1,842,466	1,121,654
XII. OTHER OPERATING EXPENSES (-)	5.4.7	5,566,336	3,441,466	2,848,154	1,696,560
XIII. NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)		24,211,621	5,474,894	14,325,784	2,955,124
XIV. INCOME RESULTED FROM MERGERS		-	-	-	-
XV. INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING		2,394,830	1,329,641	1,284,443	635,669
XVI. GAIN/LOSS ON NET MONETARY POSITION		-	-	-	-
XVII. OPERATING PROFIT/LOSS BEFORE TAXES (XIII+...+XVI)	5.4.8	26,606,451	6,804,535	15,610,227	3,590,793
XVIII. PROVISION FOR TAXES OF CONTINUED OPERATIONS (±)	5.4.9	5,510,509	1,067,841	2,723,958	536,024
18.1 Current tax charge		6,955,144	1,167,794	(462,403)	1,157,316
18.2 Deferred tax charge (+)		4,091,307	932,604	3,752,824	-714,065
18.3 Deferred tax credit (-)		(5,535,942)	(1,032,557)	(566,463)	92,773
XIX. NET OPERATING PROFIT/LOSS AFTER TAXES (XVII±XVIII)	5.4.10	21,095,942	5,736,694	12,886,269	3,054,769
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 (XX-XXI)	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 (XXII±XXIII)	5.4.10	-	-	-	-
XXV. NET PROFIT/LOSS (XIX+XXIV)	5.4.11	21,095,942	5,736,694	12,886,269	3,054,769
Earnings per Share					
		0.05023	0.01366	0.03068	0.00727

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

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Türkiye Garanti Bankası Anonim Şirketi
Statement of Profit or Loss and Other Comprehensive Income
For the period ended at 30 June 2022

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	THOUSANDS OF TURKISH LIRA (TL)	
	CURRENT PERIOD	PRIOR PERIOD
	1 January 2022 - 30 June 2022	1 January 2021 - 30 June 2021
I. CURRENT PERIOD PROFIT/LOSS	21,095,942	5,736,694
II. OTHER COMPREHENSIVE INCOME	11,912,245	474,392
2.1 Other Income/Expense Items not to be Recycled to Profit or Loss	1,201,405	65,554
2.1.1 Revaluation Surplus on Tangible Assets	1,348,100	(5,100)
2.1.2 Revaluation Surplus on Intangible Assets	-	-
2.1.3 Defined Benefit Plans' Actuarial Gains/Losses	-	-
2.1.4 Other Income/Expense Items not to be Recycled to Profit or Loss	94,556	71,132
2.1.5 Deferred Taxes on Other Comprehensive Income not to be Recycled to Profit or Loss	(241,251)	(478)
2.2 Other Income/Expense Items to be Recycled to Profit or Loss	10,710,840	408,838
2.2.1 Translation Differences	2,390,605	1,032,280
2.2.2 Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at FVOCI	11,959,461	(673,811)
2.2.3 Gains/losses from Cash Flow Hedges	849,267	276,675
2.2.4 Gains/Losses on Hedges of Net Investments in Foreign Operations	(1,193,846)	(504,337)
2.2.5 Other Income/Expense Items to be Recycled to Profit or Loss	(587,120)	93,086
2.2.6 Deferred Taxes on Other Comprehensive Income to be Recycled to Profit or Loss	(2,707,527)	184,945
III. TOTAL COMPREHENSIVE INCOME (I+II)	33,008,187	6,211,086

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

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Türkiye Garanti Bankası Anonim Şirketi
Statement of Changes in Shareholders' Equity
For the period ended at 30 June 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	Total Shareholders' Equity
						Revaluation surplus on tangible and intangible assets	Defined Benefit Plans' Actuarial Gains/Losses	Others	Foreign Currency Translation Differences	Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at FVOCI	Others				
PRIOR PERIOD (01/01/2021-30/06/2021)															
I. Balances at Beginning of Period		4,200,000	11,880	-	772,554	1,737,731	(297,937)	161,751	5,385,882	58,744	(1,784,809)	45,401,476	6,434,451	-	62,081,723
II. Correction made as per TAS 8		-	-	-	-	-	-	-	(132)	-	(100,924)	-	535,568	-	434,512
2.1. Effect of Corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2. Effect of Changes in Accounting Policies		-	-	-	-	-	-	-	(132)	-	(100,924)	-	535,568	-	434,512
III. Adjusted Balances at Beginning of Period (I+II)	5.5	4,200,000	11,880	-	772,554	1,737,731	(297,937)	161,751	5,385,750	58,744	(1,885,733)	45,401,476	6,970,019	-	62,516,235
IV. Total Comprehensive Income		-	-	-	-	(17,666)	69,937	-	1,032,280	(538,530)	(84,912)	196,448	(183,165)	5,736,694	6,211,086
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		-	-	-	-	-	-	-	-	-	-	21,944	-	-	21,944
XI. Profit Distribution		-	-	-	-	-	-	-	-	-	-	5,614,203	(6,238,003)	-	(623,800)
11.1 Dividends		-	-	-	-	-	-	-	-	-	-	-	(623,800)	-	(623,800)
11.2 Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	5,578,998	(5,578,998)	-	-
11.3 Others		-	-	-	-	-	-	-	-	-	-	35,205	(35,205)	-	-
Balances at end of the period (III+IV+...+X+XI)		4,200,000	11,880	-	772,554	1,720,065	(297,937)	231,688	6,418,030	(479,786)	(1,970,645)	51,234,071	548,851	5,736,694	68,125,465
CURRENT PERIOD (01/01/2022-30/06/2022)															
I. Balances at Beginning of Period		4,200,000	11,880	-	772,554	1,719,852	(413,401)	416,477	10,797,306	490,675	(3,483,153)	51,319,079	14,149,990	-	79,981,259
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	1,719,852	(413,401)	416,477	10,797,306	490,675	(3,483,153)	51,319,079	14,149,990	-	79,981,259
IV. Total Comprehensive Income		-	-	-	-	1,049,546	25,838	94,944	2,390,605	8,931,957	(611,722)	13,283	17,794	21,095,942	33,008,187
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		-	-	-	-	-	-	-	-	-	-	44,832	-	-	44,832
XI. Profit Distribution		-	-	-	-	-	-	-	-	-	-	11,765,975	(13,073,306)	-	(1,307,331)
11.1 Dividends		-	-	-	-	-	-	-	-	-	-	-	(1,307,331)	-	(1,307,331)
11.2 Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	11,708,768	(11,708,768)	-	-
11.3 Others		-	-	-	-	-	-	-	-	-	-	57,207	(57,207)	-	-
Balances at end of the period (III+IV+...+X+XI)		4,200,000	11,880	-	772,554	2,769,398	(387,563)	511,421	13,187,911	9,422,632	(4,094,875)	63,143,169	1,094,478	21,095,942	111,726,947

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

Türkiye Garanti Bankası Anonim Şirketi

Statement of Cash Flows

For the period ended at 30 June 2022

STATEMENT OF CASH FLOWS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)	
		CURRENT PERIOD	PRIOR PERIOD
		1 January 2022 30 June 2022	1 January 2021 30 June 2021
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities	5.6	19,849,660	5,557,528
1.1.1 Interests received		39,797,892	21,709,743
1.1.2 Interests paid		(12,014,534)	(9,659,609)
1.1.3 Dividend received		30,883	15,898
1.1.4 Fees and commissions received		9,189,951	5,009,081
1.1.5 Other income		7,229,104	4,784,712
1.1.6 Collections from previously written-off receivables		507,268	365,159
1.1.7 Cash payments to personnel and service suppliers		(8,070,824)	(4,853,914)
1.1.8 Taxes paid		(11,614,164)	(1,736,876)
1.1.9 Others		(5,205,916)	(10,076,666)
1.2 Changes in operating assets and liabilities	5.6	5,631,072	5,399,588
1.2.1 Net (increase) decrease in financial assets measured at FVTPL		4,603,964	1,339,157
1.2.2 Net (increase) decrease in due from banks		(27,628,053)	(1,346,072)
1.2.3 Net (increase) decrease in loans		(132,587,138)	(41,574,115)
1.2.4 Net (increase) decrease in other assets		(9,436,964)	(2,465,602)
1.2.5 Net increase (decrease) in bank deposits		7,241,994	1,035,058
1.2.6 Net increase (decrease) in other deposits		128,170,747	44,989,407
1.2.7 Net (increase) decrease in financial liabilities measured at FVTPL		-	-
1.2.8 Net increase (decrease) in funds borrowed		18,714,497	(812,722)
1.2.9 Net increase (decrease) in matured payables		-	-
1.2.10 Net increase (decrease) in other liabilities		16,552,025	4,234,477
I. Net cash flow from banking operations	5.6	25,480,732	10,957,116
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash flow from investing activities	5.6	(30,785,158)	(171,551)
2.1 Cash paid for purchase of associates, subsidiaries and joint-ventures		(5,001)	(1)
2.2 Cash obtained from sale of associates, subsidiaries and joint-ventures		-	-
2.3 Purchases of tangible assets		(1,157,980)	(183,473)
2.4 Sales of tangible assets		254,370	277,868
2.5 Cash paid for purchase of financial assets measured at FVOCI		(16,704,132)	(11,955,367)
2.6 Cash obtained from sale of financial assets measured at FVOCI		8,404,586	9,032,916
2.7 Cash paid for purchase of financial assets measured at amortised cost		(23,774,582)	(354,019)
2.8 Cash obtained from sale of financial assets measured at amortised cost		2,197,581	3,010,525
2.9 Others		-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash flow from financing activities	5.6	5,019,024	3,031,354
3.1 Cash obtained from funds borrowed and securities issued		13,756,257	13,764,468
3.2 Cash used for repayment of funds borrowed and securities issued		(7,227,820)	(9,989,104)
3.3 Equity instruments issued		-	-
3.4 Dividends paid		(1,307,331)	(623,800)
3.5 Payments for financial leases		(202,082)	(120,210)
3.6 Others		-	-
IV. Effect of translation differences on cash and cash equivalents	5.6	6,025,970	3,145,546
V. Net increase/(decrease) in cash and cash equivalents (I+II+III+IV)	5.6	5,740,568	16,962,465
VI. Cash and cash equivalents at beginning of period	5.6	117,996,371	49,479,756
VII. Cash and cash equivalents at end of period (V+VI)	5.6	123,736,939	66,442,221

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

3 Accounting Policies

3.1 Basis of presentation

The Bank prepares its 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 unconsolidated financial statements are prepared in accordance with the historical cost basis except for financial assets and liabilities measured at fair value through profit/loss, financial assets measured at fair value through other comprehensive income, real estates and subsidiaries accounted based on equity method.

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 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 3.28.

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 Bank's financials have been evaluated and it has been concluded that there is no material impact. On the other hand, Interest Rate Benchmark Reform process is ongoing for certain indicators and the Bank's studies continue within the scope of compliance with the changes.

3.1.2 Other

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 the Bank's financial statements are regularly monitored by the risk units and the Bank's Management. While preparing the interim financial statements dated 30 June 2022, the Bank reflected the possible effects of the COVID-19 outbreak on the estimates and judgments used in the preparation of the financial statements.

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

The tension between Russia and Ukraine since January 2022 has turned into a crisis and an armed conflict as of the date of the report. The Bank does not carry out any activities in these two countries that are subject to the crisis. Considering the geographies in which the Bank operates, no direct impact is expected on 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 the 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 Bank's 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 has access to longer-term borrowings via borrowings from abroad.

In order to manage the interest rate risk arising from short-term deposits, the Bank is 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 of the Bank 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 statement of profit or loss. 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.

The Bank may classify its 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 Bank's 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 management of 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 and the differences are recorded as foreign exchange gain or loss in the statement of profit or loss.

In the unconsolidated financial statements, the financial subsidiaries are accounted for using the equity method in accordance with the Communiqué published on the Official Gazette dated 9 April 2015 No. 29321 related to the amendments to the Turkish Accounting Standard 27 (TAS 27) "Separate Financial Statements". In this context, foreign subsidiaries' asset and liability items in the balance sheet are translated into Turkish Lira by using foreign exchange rates as of the balance sheet date whereas income and expense items are translated into Turkish Lira by using average foreign exchange rates for the related period. Foreign exchange differences arising from translation of income and expense items and other equity items are accounted under capital reserves under Shareholders' Equity.

From 1 September 2015, it has been started to apply net investment hedge amounting to EUR 477,237,230 (31 December 2021: EUR 489,286,021) 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 6,099,691 (31 December 2021: TL 4,905,846), arising from conversion of both foreign currency investments and long term foreign currency borrowings are accounted under Capital Reserves and Other Comprehensive Income/Expense Items to be Recycled to Profit/Loss, respectively under Equity as of 30 June 2022. There is no ineffective portion arising from net investment hedge accounting.

3.3 Investments in associates and subsidiaries

In the unconsolidated financial statements, the subsidiaries are accounted for using the equity method in accordance with Turkish Accounting Standard 27 (TAS 27) "Separate Financial Statements" within the frame of Turkish Accounting Standard 28 (TAS 28) for "Investments in Associates and Joint Ventures".

In accordance with the TAS 28 through the equity method, the carrying value of subsidiaries are accounted in the financial statements with respect to the Bank's share in these investments' net asset value. While the Bank's share on profits or losses of financial subsidiaries are accounted in the Bank's Statement of Profit or Loss, the Bank's share in other comprehensive income of subsidiaries are accounted in the Bank's Statement of Other Comprehensive Income.

Associates are accounted at cost in the financial statements after provisions for impairment losses deducted, if any, in accordance with TAS 27.

3.4 Forwards, options and other derivative transactions

3.4.1 Derivative financial assets

Derivative financial assets measured at fair value through profit/loss

The Bank's 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 statement of profit or loss at the date they incur. The changes in their fair values are recorded on balance sheet under "Derivative Financial Assets measured at Fair Value through Profit/Loss" or "Derivative Financial Liabilities measured at Fair Value through Profit/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 recorded under 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 does 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 Bank’s 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. The Bank enters into total return swap contract for the purpose of generating long-term funding.

3.4.2 Derivative financial instruments held for hedging purpose

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

The Bank enters 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 instruments 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. In case of fixed-rate financial assets measured at fair value through other comprehensive income, such changes are reclassified from Shareholders’ Equity to Statement of Profit or Loss.

Derivative financial instruments measured at fair value through other comprehensive income

The Bank enters 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 Other Comprehensive Income or Expense to be Recycled to Profit/Loss in Shareholders’ Equity, and the ineffective portion is recognised in Statement of Profit or Loss. The changes recognised 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.

The Bank performs effectiveness test 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 range 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 Other Comprehensive Income or Expense to be Recycled 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

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, the Bank identifies 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, The Bank amortises 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 of the period after the acquisition is recorded as interest income in the financial statements.

If the expectation for the cash flows from financial asset is revised for reasons other than the credit risk, the change is reflected in the carrying amount of asset and in the related Statement of Profit or Loss line and is amortized over the estimated life of financial asset.

If the financial asset is impaired and classified as a non-performing receivable, the Bank applies 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.

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

The Bank shall recognise a financial asset or a financial liability in its statement of financial position when, and only when, the 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, the Bank measures financial assets or financial liabilities at fair value. At initial recognition, financial asset or liability excluding the ones at fair value through profit or loss are accounted 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 business model

As per TFRS 9, the Bank’s business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective.

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

The Bank’s 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: the Bank may hold 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, the Bank classifies a financial asset 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

The Bank classified all its financial assets 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/loss.

Financial investments and loans measured at amortised cost

The Bank may measure its financial investments and loans 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 loss calculated for the relevant financial assets in accordance with TFRS 9 is presented in Note 5.1.7.5.

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 loss 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, the 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 related 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 costs by using the discounting method with effective interest rate that approximates to fair value, of return 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 Statement of Profit or Loss.

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 the sale of such debt securities 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 sales price and the recognized interest income is transferred to "Trading Income/Losses".

The Bank also owns 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 for according to the effective interest rate method which is calculated based on 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 guide. The estimated inflation rate according to the Central Bank of Turkey's and the Bank's expectations, is updated during the year when it is considered necessary.

Equity instruments measured at fair value through other comprehensive income

At initial recognition, the Bank may make 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. The Bank makes the election on an instrument by instrument basis.

Amounts presented in other comprehensive income shall not be subsequently transferred to profit/loss. However, the cumulative gain or loss shall be transferred to prior periods' profit/loss. Dividends on such investments are recognised in profit/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 statement of profit or loss. Interest income earned on trading securities and the difference between their acquisition costs and amortized costs are recorded as interest income in the statement of profit or loss. The differences between the amortized costs and the fair values of such securities are recorded under trading account income/losses in the statement of profit or loss. In cases where such securities are sold before their maturities, the gains/losses on such sales are recorded under trading account income/losses.

The Bank classifies certain loans and securities issued at their origination dates, as financial assets/liabilities at fair value through profit/ loss, irrevocably 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

The Bank recognises a loss allowance for expected credit losses 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/loss based on TFRS 9 and the regulation published in the Official Gazette No. 29750 dated 22 June 2016 in connection with “Procedures and Principals regarding Classification of Loans and Allowances Allocated for Such Loans” effective from 1 January 2018. TFRS 9 impairment requirements are not applicable for equity instruments.

At each reporting date, the Bank shall assess whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Bank shall use 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, the Bank shall measure 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, the Bank measures loss allowance regarding such instrument at an amount equal to lifetime expected credit losses.

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

The Bank 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 Bank's aforementioned policy is presented in Note 3.8.3.

The Bank's 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

The Bank calculates expected credit losses 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 within a specified time horizon, which is usually set at 12 months, given certain characteristics. Based on TFRS 9, the Bank uses 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.

The Bank uses internal rating systems 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, the Bank considers three scenarios (base scenario, bad scenario, good scenario). Each of these three scenarios is associated with different probability of default and loss given 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 the Bank has 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. The Bank calculates 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, the Bank calculates 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, the Bank accounts lifetime expected credit losses. The methodology is similar to stage 2 and the probability of default is taken into account as 100%.

The Bank considers 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 in the Bank is based on a more than 90 days past due definition. If a loan is exactly 90 days past due, it will not be considered as default. Default status starts on the 91st day.
2. **Subjective Default Definition:** It means the Bank considers that a debt is unlikely to be paid. Whenever the Bank considers 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, the Bank Group's financial instruments 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 Bank's common credit risk characteristics include, but are not limited to, the following:

- Customer type (retail or commercial / corporate)
- 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, the Bank assesses a certain portion of commercial and corporate loans individually in accordance with the internal policies in the calculation of the expected credit losses based on TFRS 9. The Bank makes such calculation 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, the Bank shall consider 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. The Bank makes such assessment 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 Bank's internal policies, TFRS 9 models are updated once a year. The related model update was made in the 4th quarter of 2021 and the Bank continued to calculate expected credit losses provision 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 that the Bank became 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

The Bank shall apply 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 in accordance with TFRS 9. 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 offers 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 the Bank is exposed to credit losses with the contractual notice. For this reason, the Bank calculates 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 Bank's reduction or removal of undrawn limits.

When determining the period over which the Bank is expected to be exposed to credit risk, but for which expected credit losses would not be mitigated by the Bank's normal credit risk management actions, the Bank considers 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 the Bank expects to take once the credit risk on the financial instrument has increased, such as the reduction or removal of undrawn limits.

The Bank calculates expected credit losses on the revolving products of retail and corporate customers by considering 3-5 years.

The Bank makes assessment of significant increase in credit risk of revolving loans by considering qualitative and quantitative criteria considered for other credit products as explained in Note 3.8.3.

3.8.2 Forward-looking macroeconomic information

The Bank incorporates forward-looking macroeconomic information 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 Bank's credit risk parameters consists of the following steps:

Step 1: The Bank makes 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, the Bank applies 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	2.5%
31.12.2023	3.0%
31.12.2024	4.0%
31.12.2025	3.3%
31.12.2026	3.0%

3.8.3 Significant increase in credit risk

The Bank makes qualitative and quantitative assessments regarding assessment of significant increase in credit risk.

Qualitative assessment:

The Bank classifies 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.

The Bank classifies 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.

The Bank is not considering 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 Bank's other financial instruments or relative to the credit risk of the jurisdiction within which the Bank operates.

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

The Bank makes 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 the Bank defines 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 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 has a legally enforceable right 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 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 the Bank retains control of the asset, the Bank continues to recognize the remaining portion of the asset and liabilities arising from such asset.

When the Bank retains 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 financial assets without any change in contractual terms

The Bank derecognises 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, the Bank shall reclassify 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 changes its business model for managing financial assets.

3.9.4 Restructuring and refinancing of financial instruments

The Bank may change 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 by the Bank 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, at least 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 one 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 Bank management’s future intentions, either at market prices or using discounting method with internal rate of return. The 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 Market 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 Market Funds” and the related expense accruals are accounted.

3.11 Assets held for sale, 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 Bank's business classified as sold or held-for-sale. The operating results of the discontinued operations are disclosed separately in statement of profit or loss. The Bank has no discontinued operations.

3.12 Goodwill and other intangible assets

The Bank's intangible assets consist of software, intangible rights and other intangible assets.

Goodwill and other intangible assets are recorded at cost in compliance 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's 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 by the Bank over their estimated useful lives based on their inflation adjusted costs on a straight-line basis. Estimated useful lives of the Bank's intangible assets 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 the 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 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 Bank measures the right-of-use asset applying a cost model. To apply the cost model, the Bank measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses; and adjusted for any remeasurement of the lease liability.

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

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

3.14 Leasing activities

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 Bank measures the lease liability 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 Bank measures the lease liability 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 Bank remeasures the lease liability to reflect changes to the lease payments. The Bank recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

The Bank remeasures the lease liability 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, the Bank uses an unchanged discount rate.

For a lease modification that is not accounted for as a separate lease, at the effective date of the lease modification, the Bank remeasures the lease liability 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 Bank decreases the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease. The Bank recognises any gain or loss relating to the partial or full termination of the lease 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. If an inflow of economic benefits to the Bank 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 labour law in Turkey, the Bank is required to pay certain amounts to the employees retired or fired except for resignations or misbehaviours specified in the Turkish Labour Law.

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

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

	30 June 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%

The above rates are effective rates, whereas the rates applied for the calculation differ according to the employees’ 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 TAS 19.

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 numbered 506. These contributions are as follows:

	30 June 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 TAS 19.

3.18 Taxation

3.18.1 Corporate tax

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

This rate is applied to tax base which is calculated by adding certain non-deductible expenses for tax purposes and deducting certain exemptions (like dividend income) and other deductions on accounting income. If there is no dividend distribution, no further tax charges are made. Dividends paid to the resident institutions and the institutions working through local offices or representatives are not subject to withholding tax. As per the decisions No.2009/14593 and No.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 tax legislation, tax losses can be carried forward to offset against future taxable income for up to five years. Tax losses cannot be carried back to offset profits from previous periods.

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

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

As of 30 June 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.

The tax applications for foreign branches;

NORTHERN CYPRUS

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

3.18.2 Deferred taxes

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

As stated in Note 3.18.1, while corporate tax has been determined to be applied as 25% for the corporate earnings for the taxation periods of 2021 and as 23% for the corporate earnings for the taxation periods of 2022 in accordance with the regulation introduced by the Law No. 7394 on the “Law on Evaluation of Immovable Property Owned by the Treasury and Amendment to the Value Added Tax Law” and as per added first sentence to the temporary Article 13 of the Law No. 5520 on the “Corporate Tax Law”, this rate has been determined to be applied as 25% for the corporate earnings for the taxation periods of 2022 for the banks, companies within the scope of Law No. 6361, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies. Therefore, as of 30 June 2022, the Bank has calculated deferred tax at the rate of 25% for assets and liabilities (31 December 2021: 23% for the maturity until 2022 and 20% for the maturity after 2022).

If transactions and events are recorded in the statement of profit or loss, then the related tax effects are also recognized in the statement of profit or loss. 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 are reported as net in the financial statements.

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.

3.18.3 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.

3.19 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.

3.20 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.

3.21 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.

3.22 Government incentives

As of 30 June 2022, the Bank does not have any government incentives or grants (2021: None).

3.23 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 is as follows:

<i>Current Period</i>	Retail Banking	Corporate Banking	Investment Banking	Other	Total Operations
Net Interest Income	6,777,050	9,055,241	10,789,700	2,227,536	28,849,527
Net Fees And Commissions Income	4,788,559	1,826,202	(116,502)	26,562	6,524,821
Dividend Income	-	-	-	30,883	30,883
Net Trading Income/Losses (Net)	243,048	3,863,346	(960,961)	1,993,814	5,139,247
Other Operating Income (*)	301,837	105,959	12,304	1,317,882	1,737,982
Expected Credit Losses (-) (*)	(1,237,871)	(5,730,059)	(211,883)	250,108	(6,929,705)
Other Provisions (-)	-	-	-	(2,094,063)	(2,094,063)
Personnel and Other Operating Expenses (-)	(4,967,183)	(1,969,896)	(401,212)	(1,708,780)	(9,047,071)
Income/Loss From Investments Under Equity Accounting	-	-	-	2,394,830	2,394,830
Net Operating Profit	5,905,440	7,150,793	9,111,446	4,438,772	26,606,451
Provision for Taxes	-	-	-	(5,510,509)	(5,510,509)
Net Profit	5,905,440	7,150,793	9,111,446	(1,071,737)	21,095,942
Segment Assets	144,276,645	386,761,290	366,361,067	60,831,631	958,230,633
Investments in Associates and Subsidiaries	-	-	-	23,428,392	23,428,392
Total Assets	144,276,645	386,761,290	366,361,067	84,260,023	981,659,025
Segment Liabilities	443,875,589	235,131,471	158,745,011	32,180,007	869,932,078
Shareholders' Equity	-	-	-	111,726,947	111,726,947
Total Liabilities and Shareholders'	443,875,589	235,131,471	158,745,011	143,906,954	981,659,025

<i>Prior Period</i>	Retail Banking	Corporate Banking	Investment Banking	Other	Total Operations
Net Interest Income	4,387,573	4,405,286	1,434,619	3,152,590	13,380,068
Net Fees And Commissions Income	2,561,670	1,168,565	(55,592)	199,775	3,874,418
Dividend Income	-	-	-	15,898	15,898
Net Trading Income/Losses (Net)	62,178	1,625,320	(3,363,401)	407,747	(1,268,156)
Other Operating Income (*)	161,021	76,027	16,438	50,821	304,307
Expected Credit Losses (-) (*)	(873,914)	(3,078,194)	436,393	346,284	(3,169,431)
Other Provisions (-)	-	-	-	(2,076,152)	(2,076,152)
Personnel and Other Operating Expenses (-)	(3,005,196)	(1,172,951)	(166,819)	(1,241,092)	(5,586,058)
Income/Loss From Investments Under Equity Accounting	-	-	-	1,329,641	1,329,641
Net Operating Profit	3,293,332	3,024,053	(1,698,362)	2,185,512	6,804,535
Provision for Taxes	-	-	-	(1,067,841)	(1,067,841)
Net Profit	3,293,332	3,024,053	(1,698,362)	1,117,671	5,736,694
Segment Assets	118,481,590	284,363,032	290,687,010	45,378,365	738,909,997
Investments in Associates and Subsidiaries	-	-	-	19,970,155	19,970,155
Total Assets	118,481,590	284,363,032	290,687,010	65,348,520	758,880,152
Segment Liabilities	345,618,735	186,395,190	119,499,816	27,385,152	678,898,893
Shareholders' Equity	-	-	-	79,981,259	79,981,259
Total Liabilities and Shareholders'	345,618,735	186,395,190	119,499,816	107,366,411	758,880,152

(*) 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.

3.24 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 2022, a decision is made regarding distribution of the unconsolidated net profit of the Bank amounting to TL 13,073,306 and the table considering the distribution made based on the decision is presented in Note 5.10.2.

3.25 Earnings per share

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

	<i>30 June 2022</i>	<i>30 June 2021</i>
Distributable net profit	21,095,942	5,736,694
Average number of issued common shares (thousand)	420,000,000	420,000,000
Earnings per share (amounts presented full TL)	0.05023	0.01366

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).

3.26 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.

3.27 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 interbank 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.

3.28 Other disclosures

3.28.1 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, the 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.

The 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	18,827,298	1,032,409	41,420	19,901,127
Unconsolidated Non-Financial Associates	17,347	45,880	(41,420)	21,807
Total Assets	757,801,863	1,078,289	-	758,880,152
Other Comprehensive Income/expense Items to be Recycled to Profit/loss	7,789,940	14,888	-	7,804,828
<i>Foreign Currency Conversion Adjustments</i>	<i>10,785,086</i>	<i>12,220</i>	-	<i>10,797,306</i>
<i>Other</i>	<i>(3,485,821)</i>	<i>2,668</i>	-	<i>(3,483,153)</i>
<i>Prior Periods' Profit/loss</i>	13,283	535,568	-	548,851
Net Profit/Loss	13,073,306	527,833	-	13,601,139
Total Liabilities	757,801,863	1,078,289	-	758,880,152
Dividend Income	129,389	(111,284)	-	18,105
Other Provisions	(7,491,601)	86,675	-	(7,404,926)
Income/Loss From Investments Under Equity Accounting	1,909,194	552,442	-	2,461,636
Net Profit/Loss	13,073,306	527,833	-	13,601,139

30 June 2021	Reported	Correction		Restated
		TAS 27	Classification	
Unconsolidated Financial Associates	13,063,541	786,607	28,666	13,878,814
Unconsolidated Non-Financial Associates	14,724	33,798	(28,666)	19,856
Total Assets	550,378,754	820,405	-	551,199,159
Other Comprehensive Income/expense Items to be Recycled to Profit/loss	3,966,197	1,402	-	3,967,599
<i>Foreign Currency Conversion Adjustments</i>	<i>6,415,619</i>	<i>2,411</i>	-	<i>6,418,030</i>
<i>Other</i>	<i>(1,969,636)</i>	<i>(1,009)</i>	-	<i>(1,970,645)</i>
<i>Prior Periods' Profit/loss</i>	13,283	535,568	-	548,851
Net Profit/Loss	5,453,259	283,435	-	5,736,694
Total Liabilities	550,378,754	820,405	-	551,199,159
Dividend Income	127,182	(111,284)	-	15,898
Other Provisions	(2,165,449)	89,297	-	(2,076,152)
Income/Loss From Investments Under Equity Accounting	1,024,219	305,422	-	1,329,641
Net Profit/Loss	5,453,259	283,435	-	5,736,694

31 December 2020	Reported	Correction		Restated
		TAS 27	Classification	
Unconsolidated Financial Associates	11,267,986	395,228	20,816	11,684,030
Unconsolidated Non-Financial Associates	104,020	39,284	(20,816)	122,488
Total Assets	492,797,820	434,512	-	493,232,332
Other Comprehensive Income/expense Items to be Recycled to Profit/loss	3,659,817	(101,056)	-	3,558,761
<i>Foreign Currency Conversion Adjustments</i>	<i>5,385,882</i>	<i>(132)</i>	-	<i>5,385,750</i>
<i>Other</i>	<i>(1,784,809)</i>	<i>(100,924)</i>	-	<i>(1,885,733)</i>
<i>Prior Periods' Profit/loss</i>	196,448	205,379	-	401,827
Net Profit/Loss	6,238,003	330,189	-	6,568,192
Total Liabilities	492,797,820	434,512	-	493,232,332
Income/Loss From Investments Under Equity Accounting	1,323,028	330,189	-	1,653,217
Net Profit/Loss	6,238,003	330,189	-	6,568,192

The 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, classified as "Net Cash from Financing Activities". In order to comply with the cash flow statement dated 30 June 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 TL 9,252,407 and TL 2,062,789, respectively in the cash flow statement dated 30 June 2021.

4 Financial Position and Results of Operations and Risk Management

4.1 Total capital

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

4.1.1 Components of total capital

	<i>Current Period</i>	<i>Prior Period</i>
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	63,143,169	51,319,079
Other Comprehensive Income according to TAS	28,175,803	15,463,617
Profit	22,190,420	14,149,990
Current Period’s Profit	21,095,942	13,601,139
Prior Periods’ Profit	1,094,478	548,851
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	9,377	7,643
Common Equity Tier I Capital Before Deductions	118,503,203	85,924,763
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 (-)	5,370,191	4,338,078
Leasehold Improvements on Operational Leases (-)	88,938	94,599
Goodwill Netted with Deferred Tax Liabilities	-	-
Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights	829,751	748,424
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 (-)	-	-
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	6,288,880	5,181,101

Total Common Equity Tier I Capital	112,214,323	80,743,662
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)	-	-
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)	112,214,323	80,743,662
TIER II CAPITAL		
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	10,938,280	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)	7,609,757	5,601,236
Total Deductions from Tier II Capital	18,548,037	16,423,866
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	-	-
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	18,548,037	16,423,866
Total Equity (Total Tier I and Tier II Capital)	130,762,360	97,167,528
Total Tier I Capital and Tier II Capital (Total Equity)		
Loans Granted against the Articles 50 and 51 of the Banking Law	105	75

	<i>Current Period</i>	<i>Prior Period</i>
Other items to be Defined by the BRSA	-	2,909
Items to be Deducted from the Sum of Tier I and Tier II Capital (Capital) During the Transition Period	-	-
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation	-	-
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation	-	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital, of the Net Deferred Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation	-	-
CAPITAL		
Total Capital (Total of Tier I Capital and Tier II Capital)	130,762,255	97,164,544
Total Risk Weighted Assets	710,834,730	525,705,126
CAPITAL ADEQUACY RATIOS		
CET1 Capital Ratio (%)	15.79	15.36
Tier I Capital Ratio (%)	15.79	15.36
Capital Adequacy Ratio (%)	18.40	18.48
BUFFERS		
Total Additional CET1 Capital Requirement Ratio (a+b)	2.53	2.53
a) Capital Conservation Buffer Ratio (%)	2.50	2.50
b) Bank-specific Counter-Cyclical Capital Buffer Ratio (%)	0.03	0.03
Additional CET1 Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation (%)	9.79	9.36
Amounts Lower Than Excesses as per Deduction Rules	-	-
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	-	-
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital	-	-
Remaining Mortgage Servicing Rights	-	-
Net Deferred Tax Assets arising from Temporary Differences	6,038,683	4,203,680
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)	22,641,289	18,026,191
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	7,609,757	5,601,236
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	-	-

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

As of 30 June 2022, the amount subject to credit risk in calculating the regulatory capital adequacy ratio was calculated by taking into account the regulation changes. If the regulation changes is not taken into account, the capital adequacy ratio decreases to 17.06 % as of 30 June 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)	12,419 (31 December 2021: 9,820)	253 (31 December 2021: 253)	750 (31 December 2021: 750)
Nominal value of instrument (TL million)	12,419 (31 December 2021: 9,820)	253 (31 December 2021: 253)	750 (31 December 2021: 750)
Accounting classification of the instrument	34701 – Secondary Subordinated Loans	34601– Secondary Subordinated Loans	34601– Secondary Subordinated Loans
Issuance date of instrument	23.05.2017	09.10.2019	14.02.2020
Maturity structure of the instrument (demand/time)	Time	Time	Time
Original maturity of the instrument	24.05.2027	07.10.2029	14.02.2030
Issuer call subject to prior supervisory (BRSA) approval	No	Yes	Yes
Optional call date, contingent call dates and redemption amount	-	07.10.2024 – TL 252,880,000	14.02.2025 – TL 750,000,000
Subsequent call dates, if applicable	-	-	-
Interest/dividend payment			
Fixed or floating coupon/dividend payments	Fixed	Floating	Floating
Coupon rate and any related index	%7.1770	TLREF + 130 bps	TLREF + 250 bps
Existence of any dividend payment restriction	None	None	None
Fully discretionary, partially discretionary or mandatory	-	-	-
Existence of step up or other incentive to redeem	None	None	None
Noncumulative or cumulative	None	None	None
Convertible into equity shares	None	None	None
If convertible, conversion trigger (s)	-	-	-
If convertible, fully or partially	-	-	-
If convertible, conversion rate	-	-	-
If convertible, mandatory or optional conversion	-	-	-

If convertible, type of instrument convertible into	-	-	-
If convertible, issuer of instrument to be converted into	-	-	-
Write-down feature	Yes	Yes	Yes
If bonds can be written-down, write-down trigger(s)	Due to the losses incurred, where the Bank is at the point at which the BRSA may determine pursuant to Article 71 of the Banking Law that: (i) its operating license is to be revoked and the Bank is liquidated or (ii) the rights of all of its shareholders (except to dividends), and the management and supervision of the Bank, are to be transferred to the SDIF on the condition that losses are deducted from the capital of existing shareholders (occurrence of either condition means the issuer has become non-viable), or (iii) it is probable that the Issuer will become non-viable; then the bonds can be written-down.	Due to the losses incurred, where the Bank is at the point at which the BRSA may determine pursuant to Article 71 of the Banking Law that: (i) its operating license is to be revoked or(ii) to be determined the probability of transfer to the SDIF Turkey, the bonds can be written off.	Due to the losses incurred, where the Bank is at the point at which the BRSA may determine pursuant to Article 71 of the Banking Law that: (i) its operating license is to be revoked or(ii) to be determined the probability of transfer to the SDIF Turkey, the bonds can be written off.
If bond can be written-down, full or partial	Partially or fully	Partially or fully	Partially or fully
If bond can be written-down, permanent or temporary	Continuously	Continuously	Continuously
If temporary write-down, description of write-up mechanism	There are no any temporary write-up mechanisms.	There are no any temporary write-up mechanisms.	There are no any temporary write-up mechanisms.
Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument)	In priority of receivables, it comes after the senior obligations of the Issuer.	In priority of receivables, it comes after the senior obligations of the Issuer.	In priority of receivables, it comes after the senior obligations of the Issuer.
In compliance with article number 7 and 8 of Regulation on Bank Capital	Instrument is in compliant with Article 8 of the Regulation on Bank Capital.	Instrument is in compliant with Article 8 of the Regulation on Bank Capital.	Instrument is in compliant with Article 8 of the Regulation on Bank Capital.
Details of incompliances with article number 7 and 8 of Regulation on Bank Capital	Instrument is not in compliant with Article 7 of the Regulation on Bank Capital.	Instrument is not in compliant with Article 7 of the Regulation on Bank Capital.	Instrument is not in compliant with Article 7 of the Regulation on Bank Capital.

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
Other Capital Reserves	772,554	(772,554)	-	Inflation adjustments included in Paid-in Capital according to Regulation's Temporary Article 1
Bonus Shares of Associates, Subsidiaries and Joint-Ventures	-	-	-	
Share Premium	11,880	-	11,880	
Other Comprehensive Income/Expenses in Shareholders' Equity as per TMS	21,408,924	1,406,065	22,814,989	Items not included in the calculation as per Regulation's Article 9-1-f
Other Comprehensive Income/Expense Items not to be Recycled to Profit/Loss	2,893,256	-	2,893,256	
Other Comprehensive Income/Expense Items to be Recycled to Profit/Loss	18,515,668	1,406,065	19,921,733	Items not included in the calculation as per Regulation's Article 9-1-f
Profit Reserves	63,143,169	-	63,143,169	
Profit or Loss	22,190,420	-	22,190,420	
Prior Periods' Profit/Loss	1,094,478	-	1,094,478	
Current Period Net Profit/Loss	21,095,942	-	21,095,942	
Deductions from Common Equity Tier I Capital (-)	-		918,689	Deductions from Common Equity Tier 1 Capital as per the Regulation
Common Equity Tier I Capital	111,726,947		112,214,323	
Subordinated Debts	-		-	
Deductions from Tier I Capital (-)	-		-	Deductions from Tier 1 Capital as per the Regulation
Tier I Capital	-		112,214,323	
Subordinated Debts			10,938,280	
12 Month ECL (Stage 1) and Lifetime ECL Significant Increase in Credit Risk (Stage 2)			7,609,757	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			18,548,037	
Deductions from Total Capital (-)			105	Deductions from Capital as per the Regulation
Total			130,762,255	

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

<i>Prior Period</i>	<i>Carrying value</i>	<i>Amount of correction</i>	<i>Value of the capital report</i>	<i>Explanation of differences</i>
Paid-in Capital	4,200,000	772,554	4,972,554	Inflation adjustments included in Paid-in Capital according to Regulation's Temporary Article 1
Capital Reserves	784,434	(772,554)	11,880	Inflation adjustments included in Paid-in Capital according to Regulation's Temporary Article 1
Other Capital Reserves	772,554	(772,554)	-	Inflation adjustments included in Paid-in Capital according to Regulation's Temporary Article 1
Bonus Shares of Associates, Subsidiaries and Joint-Ventures	-	-	-	
Share Premium	11,880	-	11,880	
Other Comprehensive Income/Expenses in Shareholders' Equity as per TMS	9,527,756	1,605,426	11,133,182	Items not included in the calculation as per Regulation's Article 9-1-f
Other Comprehensive Income/Expense Items not to be Recycled to Profit/Loss	1,722,928	-	1,722,928	
Other Comprehensive Income/Expense Items to be Recycled to Profit/Loss	7,804,828	1,605,426	9,410,254	Items not included in the calculation as per Regulation's Article 9-1-f
Profit Reserves	51,319,079	-	51,319,079	
Profit or Loss	14,149,990	-	14,149,990	
Prior Periods' Profit/Loss	548,851	-	548,851	
Current Period Net Profit/Loss	13,601,139	-	13,601,139	
Deductions from Common Equity Tier I Capital (-)	-		843,023	Deductions from Common Equity Tier 1 Capital as per the Regulation
Common Equity Tier I Capital	79,981,259		80,743,662	
Subordinated Debts	-		-	
Deductions from Tier I Capital (-)	-		-	Deductions from Tier 1 Capital as per the Regulation
Tier I Capital			80,743,662	
Subordinated Debts			10,822,630	
12 Month ECL (Stage 1) and Lifetime ECL Significant Increase in Credit Risk (Stage 2)			5,601,236	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			16,423,866	
Deductions from Total Capital (-)			2,984	Deductions from Capital as per the Regulation
Total			97,164,544	

4.2 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 Currency risk

Foreign currency position limit is set in compliance with the legal standard ratio of net foreign currency position. As of 30 June 2022, the Bank’s net ‘on balance sheet’ foreign currency short position amounts to TL 55,352,686 (31 December 2021: TL 73,371,809), net ‘off-balance sheet’ foreign currency long position amounts to TL 76,730,468 (31 December 2021: TL 89,098,603), while net foreign currency close position amounts to TL 21,377,782 (31 December 2021: TL 15,726,794).

The foreign currency position risk of the Bank 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. 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
Foreign currency purchase rates at balance sheet date	17.3110	16.5590
<u>Exchange rates for the days before balance sheet date;</u>		
Day 1	17.2940	16.5050
Day 2	17.3600	16.5060
Day 3	17.3890	16.4080
Day 4	18.1850	17.2510
Day 5	18.1730	17.2620

	EUR	USD
Last 30-days arithmetical average rates	17.8569	16.9036

The Bank's currency risk:

<i>Current Period</i>	EUR	USD	Other FCs	Total
Assets				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	25,112,859	54,665,426	22,741,516	102,519,801
Banks	18,352,195	29,791,631	15,279,053	63,422,879
Financial Assets Measured at Fair Value through Profit/Loss	116,124	966,695	-	1,082,819
Money Market Placements	-	23,515,385	-	23,515,385
Financial Assets Measured at Fair Value through Other Comprehensive Income	922,516	10,832,608	-	11,755,124
Loans (*)	78,796,666	93,603,552	2,608,563	175,008,781
Investments in Associates, Subsidiaries and Joint-Ventures	16,831,505	-	-	16,831,505
Financial Assets Measured at Amortised Cost	346,926	40,066,832	-	40,413,758
Derivative Financial Assets Held for Hedging Purpose	85,543	546,625	-	632,168
Tangible Assets	-	366	-	366
Intangible Assets	-	-	-	-
Other Assets (**)	937,007	8,680,841	146,128	9,763,976
Total Assets	141,501,341	262,669,961	40,775,260	444,946,562
Liabilities				
Bank Deposits	7,185,417	746,342	29,549	7,961,308
Foreign Currency Deposits	108,442,141	214,050,904	11,788,563	334,281,608
Money Market Funds	-	1,245,365	-	1,245,365
Other Fundings (***)	11,326,898	53,662,252	-	64,989,150
Securities Issued (****)	781,354	32,527,669	161,569	33,470,592
Miscellaneous Payables	2,898,736	1,599,479	192,082	4,690,297
Derivative Financial Liabilities Held for Hedging Purpose	955	7,768	-	8,723
Other Liabilities (*****)	1,631,439	13,544,991	38,475,774	53,652,204
Total Liabilities	132,266,940	317,384,770	50,647,537	500,299,247
Net 'On Balance Sheet' Position	9,234,401	(54,714,809)	(9,872,277)	(55,352,685)
Net 'Off-Balance Sheet' Position	7,041,281	59,947,818	9,741,369	76,730,468
Derivative Financial Assets	19,638,484	135,681,958	31,152,849	186,473,291
Derivative Financial Liabilities	12,597,203	75,734,140	21,411,480	109,742,823
Non-Cash Loans	-	-	-	-
Prior Period				
Total Assets	130,474,940	204,009,497	24,618,730	359,103,167
Total Liabilities	109,896,837	280,181,249	42,396,890	432,474,976
Net 'On Balance Sheet' Position	20,578,103	(76,171,752)	(17,778,160)	(73,371,809)
Net 'Off-Balance Sheet' Position	(7,167,992)	78,576,812	17,689,783	89,098,603
Derivative Financial Assets	13,009,374	123,709,598	19,170,123	155,889,095
Derivative Financial Liabilities	20,177,366	45,132,786	1,480,340	66,790,492
Non-Cash Loans	-	-	-	-

(*) The foreign currency-indexed loans amounting TL 250,000 included under TL loans in the accompanying balance sheet are presented above under the related foreign currency codes.

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

(***) Includes funds presented under financial liabilities amounting TL 25,093,602 measured at fair value through profit or loss in balance sheet.

(****) Includes securities issued as subordinated loan presented under subordinated debts in balance sheet.

(*****) Other liabilities include gold deposits of TL 38,146,347.

4.4 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	-	-	-	-	-	146,899,805	146,899,805
Banks	4,118,540	-	-	-	-	59,587,949	63,706,489
Financial Assets Measured at Fair Value through Profit/Loss	119,158	236,334	194,999	339,375	139,107	644,890	1,673,863
Money Market Placements	19,665,853	-	3,844,343	-	-	6,199	23,516,395
Financial Assets Measured at Fair Value through Other Comprehensive Income	4,612,440	8,747,340	13,223,011	13,551,488	3,360,422	24,586,110	68,080,811
Loans	159,471,500	81,748,188	158,804,524	103,423,531	32,225,335	17,374,835	553,047,913
Financial Assets Measured at Amortised Cost	5,511,533	5,694,927	8,421,322	37,231,107	5,626,391	11,377,517	73,862,797
Other Assets (**)	-	-	-	-	-	50,870,952	50,870,952
Total Assets	193,499,024	96,426,789	184,488,199	154,545,501	41,351,255	311,348,257	981,659,025
Liabilities							
Bank Deposits	516,971	677	-	-	-	8,851,142	9,368,790
Other Deposits	189,759,420	113,682,975	14,884,290	329,609	-	330,658,526	649,314,820
Money Market Funds	25,419,405	-	1,241,836	-	-	29,159	26,690,400
Miscellaneous Payables	-	-	-	-	-	34,968,924	34,968,924
Securities Issued (***)	252,880	10,875,075	9,513,146	14,173,652	-	453,330	35,268,083
Other Fundings	18,713,362	9,136,124	14,930,044	5,409,488	17,707,490	39,273	65,935,781
Other Liabilities	31,980	58,817	184,368	613,504	127,684	159,095,874	160,112,227
Total Liabilities	234,694,018	133,753,668	40,753,684	20,526,253	17,835,174	534,096,228	981,659,025
On Balance Sheet Long Position	-	-	143,734,515	134,019,248	23,516,081	-	301,269,844
On Balance Sheet Short Position	(41,194,994)	(37,326,879)	-	-	-	(222,747,971)	(301,269,844)
Off-Balance Sheet Long Position	37,800,278	37,842,666	51,527,007	21,152,370	26,207,019	-	174,529,340
Off-Balance Sheet Short Position	(16,130,875)	(29,029,178)	(60,612,565)	(40,576,090)	(28,974,378)	-	(175,323,086)
Total Position	(19,525,591)	(28,513,391)	134,648,957	114,595,528	20,748,722	(222,747,971)	(793,746)

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

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

(***) Includes subordinated securities issued and presented under subordinated debts in 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	-	-	-	-	60,731,274	123,113,150
Banks	5,103,211	-	-	-	-	39,058,015	44,161,226
Financial Assets at Fair Value through Profit/Loss	132,474	232,409	4,917,776	302,606	118,969	565,929	6,270,163
Money Market Placements	30,474,000	-	2,964,470	-	-	12,689	33,451,159
Financial Assets Measured at Fair Value through Other Comprehensive Income	4,876,680	6,266,956	9,345,747	8,476,533	6,299,366	9,510,875	44,776,157
Loans	107,394,060	42,995,992	135,826,676	99,557,573	27,803,886	11,276,413	424,854,600
Financial Assets Measured at Amortised Cost	4,601,335	2,134,135	7,586,445	13,109,083	6,036,618	8,557,708	42,025,324
Other Assets (**)	-	-	-	-	-	40,228,373	40,228,373
Total Assets	214,963,636	51,629,492	160,641,114	121,445,795	40,258,839	169,941,276	758,880,152
Liabilities							
Bank Deposits	357,243	848	-	-	-	1,768,666	2,126,757
Other Deposits	200,863,108	37,650,562	10,996,526	188,417	-	261,414,187	511,112,800
Money Market Funds	9,604,374	22	-	-	-	25,202	9,629,598
Miscellaneous Payables	-	-	-	-	-	25,311,771	25,311,771
Securities Issued (***)	1,466,754	2,884,104	10,216,593	7,720,972	10,115,457	350,610	32,754,490
Other Fundings	10,714,063	13,206,861	13,580,648	7,185,849	16,119,530	42,124	60,849,075
Other Liabilities	17,846	49,413	142,856	526,220	121,000	116,238,326	117,095,661
Total Liabilities	223,023,388	53,791,810	34,936,623	15,621,458	26,355,987	405,150,886	758,880,152
On Balance Sheet Long Position	-	-	125,704,491	105,824,337	13,902,852	-	245,431,680
On Balance Sheet Short Position	(8,059,752)	(2,162,318)	-	-	-	(235,209,610)	(245,431,680)
Off-Balance Sheet Long Position	25,270,785	39,232,653	9,641,532	12,843,398	15,889,481	-	102,877,849
Off-Balance Sheet Short Position	(8,096,667)	(30,163,619)	(16,389,578)	(26,841,713)	(21,505,045)	-	(102,996,622)
Total Position	9,114,366	6,906,716	118,956,445	91,826,022	8,287,288	(235,209,610)	(118,773)

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

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

(***) Includes subordinated securities issued and presented under subordinated debts in balance sheet.

4.4.2 Average interest rates on monetary financial instruments (%)

<i>Current Period</i>	EUR	USD	JPY	TL
Assets				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	(1.01)	(0.99)	-	-
Banks	0.60	1.55	-	14.25
Financial Assets Measured at Fair Value through Profit/Loss	4.36	7.06	-	16.95
Money Market Placements	-	1.28	-	19.50
Financial Assets Measured at Fair Value through Other Comprehensive Income	4.65	6.35	-	24.94
Loans	4.43	6.10	-	23.70
Financial Assets Measured at Amortised Cost	4.12	5.78	-	27.11
Liabilities				
Bank Deposits	-	-	-	12.49
Other Deposits	0.12	0.31	-	11.95
Money Market Funds	-	2.93	-	13.99
Miscellaneous Payables	-	-	-	-
Securities Issued	5.27	6.27	-	17.09
Other Fundings	1.88	3.37	-	16.60

<i>Prior Period</i>	EUR	USD	JPY	TL
Assets				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	(0.07)	-	-	7.74
Banks	0.30	0.22	-	15.00
Financial Assets at Fair Value through Profit/Loss	4.42	5.13	-	20.06
Money Market Placements	-	0.05	-	14.07
Financial Assets Measured at Fair Value through Other Comprehensive Income	4.48	6.06	-	18.87
Loans	3.87	5.12	-	20.58
Financial Assets Measured at Amortised Cost	0.20	5.22	-	16.66
Liabilities				
Bank Deposits	0.01	-	-	13.13
Other Deposits	0.11	0.18	-	11.24
Money Market Funds	-	0.64	-	13.96
Miscellaneous Payables	-	-	-	-
Securities Issued	5.27	5.76	-	16.79
Other Fundings	1.87	2.47	-	15.86

4.5 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	23,206,842	23,193,184	534,566
	Quoted Securities	205,675	205,675	534,566
2	Investment in Shares- Grade B	212,948	187,507	526,759
	Quoted Securities	187,507	187,507	526,759
3	Investment in Shares- Grade C	7,540	-	-
	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	-	-	-

(*) The balances are as per the results of equity accounting application.

<i>Prior Period</i>		Comparison		
Equity Securities (shares)		Carrying Value	Fair Value^(*)	Market Value
1	Investment in Shares- Grade A	19,801,655	19,787,997	548,581
	Quoted Securities	148,011	148,011	548,581
2	Investment in Shares- Grade B	160,378	134,937	540,569
	Quoted Securities	134,937	134,937	540,569
3	Investment in Shares- Grade C	7,060	-	-
	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	-	-	-

(*) The balances are as per the results of equity accounting application.

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

<i>Current Period</i>		Gains/Losses in Current Period	Revaluation Surpluses		Unrealised Gains and Losses	
Portfolio			Total	Amount in Tier I Capital ^(*)	Total	Amount in Tier I Capital ^(*)
1	Private Equity Investments	-	-	-	-	-
2	Quoted Shares	-	307,930	307,930	-	-
3	Other Shares	-	12,868,260	12,868,260	-	-
Total		-	13,176,190	13,176,190	-	-

(*) The balances are as per the results of equity accounting application.

<i>Prior Period</i>		Gains/Losses in Current Period	Revaluation Surpluses		Unrealised Gains and Losses	
Portfolio			Total	Amount in Tier I Capital ^(*)	Total	Amount in Tier I Capital ^(*)
1	Private Equity Investments	-	-	-	-	-
2	Quoted Shares	-	197,695	197,695	-	-
3	Other Shares	-	9,698,243	9,698,243	-	-
Total		-	9,895,938	9,895,938	-	-

(*) The balances are as per the results of equity accounting application.

4.5.4 Capital requirement as per equity shares

<i>Current Period</i>		Carrying Value	RWA Total	Minimum Capital Requirement
Portfolio				
1	Private Equity Investments	-	-	-
2	Quoted Shares	393,182	393,182	31,455
3	Other Shares	23,035,210	20,872,521	1,669,802
Total		23,428,392	21,265,703	1,701,257

<i>Prior Period</i>		Carrying Value	RWA Total	Minimum Capital Requirement
Portfolio				
1	Private Equity Investments	-	-	-
2	Quoted Shares	282,948	282,948	22,636
3	Other Shares	19,687,207	15,443,249	1,235,460
Total		19,970,155	15,726,197	1,258,096

4.6 Liquidity risk management and 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. The Bank turns to permanent consumer deposits to increase of weights Consumer/SME deposits in TL deposits which significantly contributes to liquidity metrics such as the internal stress test in the second quarter of 2022.

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 LCR calculation 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. The Bank’s high quality liquid assets are composed of 6.54% cash, 46.16% deposits in central banks and 47.30% securities considered as high quality liquid assets.

The Bank’s main funding sources are deposits, funds borrowed, money market borrowings and securities issued. Funding source composition as of report date is 80.18% deposits, 11.27% funds borrowed and money market borrowings, 4.29% securities issued and 4.26% other liabilities.

In LCR calculation, 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 LCR calculations according to the Regulation’s terms. The Bank also considers changes in fair value of the liabilities that result in margin calls when calculating cash outflows.

<i>Current Period</i>		Total Unweighted Value (Average) ^(*)		Total Weighted Value (Average) ^(*)	
		TL+FC	FC	TL+FC	FC
High-Quality Liquid Assets				263,225,528	140,229,507
1	Total high-quality liquid assets (HQLA)	263,225,528	140,229,507	263,225,528	140,229,507
Cash Outflows					
2	Retail deposits and deposits from small business customers, of which:	434,792,491	269,459,417	40,441,633	26,945,942
3	Stable deposits	60,752,336	-	3,037,617	-
4	Less stable deposits	374,040,155	269,459,417	37,404,016	26,945,942
5	Unsecured wholesale funding, of which:	175,202,367	103,334,730	89,169,896	50,581,839
6	Operational deposits	-	-	-	-
7	Non-operational deposits	141,647,019	96,525,094	66,142,082	44,064,827
8	Unsecured funding	33,555,348	6,809,636	23,027,814	6,517,012
9	Secured wholesale funding			-	-
10	Other cash outflows of which:	273,951,234	97,094,388	43,048,531	35,618,459
11	Outflows related to derivative exposures and other collateral requirements	17,707,933	24,578,849	17,707,933	24,578,849
12	Outflows related to restructured financial instruments	-	-	-	-
13	Payment commitments and other off-balance sheet commitments granted for debts to financial markets	256,243,301	72,515,539	25,340,598	11,039,610
14	Other revocable off-balance sheet commitments and contractual obligations	4,358	4,358	217	217
15	Other irrevocable or conditionally revocable off-balance sheet obligations	41,044,616	40,342,661	2,052,231	2,017,133
16	Total Cash Outflows			174,712,508	115,163,590
Cash Inflows					
17	Secured receivables	-	-	-	-
18	Unsecured receivables	69,268,437	29,833,228	50,433,936	25,326,086
19	Other cash inflows	2,798,135	64,249,581	2,798,135	64,249,581
20	Total Cash Inflows	72,066,572	94,082,809	53,232,071	89,575,667
21	Total HQLA			263,225,528	140,229,507
22	Total Net Cash Outflows			121,480,437	30,620,351
23	Liquidity Coverage Ratio (%)			217.95	461.53

(*) The average of last three months' liquidity coverage ratio calculated by weekly simple averages.

The table below presents highest, lowest and average liquidity coverage ratios of the second quarter of 2022:

<i>Current Period</i>	Highest	Date	Lowest	Date	Average
TL+FC	251.53	09.06.2022	185.89	26.05.2022	217.95
FC	550.46	11.06.2022	368.08	30.04.2022	461.53

<i>Prior Period</i>	Total Unweighted Value (Average) ^(*)		Total Weighted Value (Average) ^(*)	
	TL+FC	FC	TL+FC	FC
High-Quality Liquid Assets			166,880,134	87,728,461
1 Total high-quality liquid assets (HQLA)	166,880,134	87,728,461	166,880,134	87,728,461
Cash Outflows				
2 Retail deposits and deposits from small business customers, of which:	319,758,020	192,546,117	29,552,712	19,254,612
3 Stable deposits	48,461,786	-	2,423,089	-
4 Less stable deposits	271,296,234	192,546,117	27,129,623	19,254,612
5 Unsecured wholesale funding, of which:	133,914,970	75,696,765	65,536,308	35,659,803
6 Operational deposits	-	-	-	-
7 Non-operational deposits	111,916,911	71,297,444	50,323,914	31,340,144
8 Unsecured funding	21,998,059	4,399,321	15,212,394	4,319,659
9 Secured wholesale funding				
10 Other cash outflows of which:	202,710,895	71,659,300	34,465,097	27,769,344
11 Outflows related to derivative exposures and other collateral requirements	16,701,006	20,212,631	16,701,006	20,212,631
12 Outflows related to restructured financial instruments	-	-	-	-
13 Payment commitments and other off-balance sheet commitments granted for debts to financial markets	186,009,889	51,446,669	17,764,091	7,556,713
14 Other revocable off-balance sheet commitments and contractual obligations	3,090	3,090	154	154
15 Other irrevocable or conditionally revocable off-balance sheet obligations	23,891,491	23,666,087	1,194,575	1,183,304
16 Total Cash Outflows			130,748,846	83,867,217
Cash Inflows				
17 Secured receivables	-	-	-	-
18 Unsecured receivables	50,342,257	23,838,544	38,608,394	21,433,087
19 Other cash inflows	6,427,318	54,930,833	6,427,318	54,930,833
20 Total Cash Inflows	56,769,575	78,769,377	45,035,712	76,363,920
21 Total HQLA			166,880,134	87,728,461
22 Total Net Cash Outflows			85,713,134	21,282,352
23 Liquidity Coverage Ratio (%)			194.66	412.90

(*) The average of last three months' liquidity coverage ratio calculated by weekly simple averages.

The table below presents highest, lowest and average liquidity coverage ratios of the last quarter of 2021:

<i>Prior Period</i>	Highest	Date	Lowest	Date	Average
TL+FC	463.70	23.10.2021	260.13	16.12.2021	463.70
FC	339.05	29.10.2021	169.14	17.11.2021	339.05

4.6.2 Contractual maturity analysis of liabilities according to remaining maturities

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

4.6.3 Maturity analysis of assets and 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 of Turkey	59,223,030	83,142,967	-	4,533,808	-	-	-	146,899,805
Banks	59,587,755	4,118,734	-	-	-	-	-	63,706,489
Financial Assets Measured at Fair Value through Profit/Loss	617,969	-	26,010	224,194	656,409	149,281	-	1,673,863
Money Market Placements	-	19,667,157	-	3,849,238	-	-	-	23,516,395
Financial Assets Measured at Fair Value through Other Comprehensive Income	570,568	-	287,698	7,336,812	39,329,186	20,556,547	-	68,080,811
Loans	694,118	88,993,042	85,427,879	155,149,770	154,198,597	43,063,428	25,521,079	553,047,913
Financial Assets Measured at Amortised Cost	-	165,907	103,055	8,119,020	51,004,958	14,469,857	-	73,862,797
Other Assets (*)	15,276,809	5,993,192	2,453,724	2,807,461	2,723,408	1,992,669	19,623,689	50,870,952
Total Assets	135,970,249	202,080,999	88,298,366	182,020,303	247,912,558	80,231,782	45,144,768	981,659,025
Liabilities								
Bank Deposits	8,850,964	517,149	677	-	-	-	-	9,368,790
Other Deposits	318,719,254	198,417,690	116,432,539	15,368,999	366,400	9,938	-	649,314,820
Other Fundings	-	1,740,495	532,088	32,768,011	10,390,127	20,505,060	-	65,935,781
Money Market Funds	-	25,445,034	-	1,245,366	-	-	-	26,690,400
Securities Issued (**)	-	-	10,309,204	8,412,096	15,519,150	1,027,633	-	35,268,083
Miscellaneous Payables	34,968,921	4	-	-	-	-	-	34,968,925
Other Liabilities (***)	9,366,418	2,792,619	3,481,418	3,045,590	3,700,102	8,636,020	129,090,059	160,112,226
Total Liabilities	371,905,556	228,912,991	130,755,927	60,840,062	29,975,779	30,178,651	129,090,059	981,659,025
Liquidity Gap	(235,935,307)	(26,831,992)	(42,457,561)	121,180,241	217,936,779	50,053,131	(83,945,291)	-
Net Off-Balance Sheet Position	-	1,055,898	(56,131)	1,273,452	(921,489)	79,844	-	1,431,574
Derivative Financial Assets	-	106,843,649	70,618,275	25,814,327	13,347,763	2,405,971	-	219,029,985
Derivative Financial Liabilities	-	105,787,751	70,674,406	24,540,875	14,269,252	2,326,127	-	217,598,411
Non-Cash Loans	-	63,354,259	7,998,553	3,876,995	404,135	-	294,737,796	370,371,738
Prior Period								
Total Assets	117,184,344	167,026,522	58,632,553	136,388,923	185,982,807	63,989,378	29,675,625	758,880,152
Total Liabilities	291,275,637	216,720,542	45,291,430	50,041,507	23,863,012	35,735,768	95,952,256	758,880,152
Liquidity Gap	(174,091,293)	(49,694,020)	13,341,123	86,347,416	162,119,795	28,253,610	(66,276,631)	-
Net Off-Balance Sheet Position	-	7,625,945	1,359,327	619,182	369,215	(574,808)	-	9,398,861
Derivative Financial Assets	-	130,289,455	35,528,824	15,339,959	10,528,964	1,885,232	-	193,572,434
Derivative Financial Liabilities	-	122,663,510	34,169,497	14,720,777	10,159,749	2,460,040	-	184,173,573
Non-Cash Loans	-	22,324,223	6,142,264	3,841,840	362,718	-	228,057,449	260,728,494

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

(**) Includes securities issued having qualification of subordinated loan presented under subordinated debts in balance sheet.

(***) Shareholders' equity is included in "other liabilities" line under "undistributed" column.

4.7 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 leverage ratio calculated by taking average of end of month leverage ratios for the last three-month periods is 8.16% (31 December 2021: 7.73%). While the capital increased by 39% mainly as a result of increase in net profits, total risk amount increased by 31%. Therefore, the current period leverage ratio increased by 43 basis points compared to prior period.

		<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)	904,319,503	698,090,458
2	(Assets deducted in determining Tier I capital)	(913,737)	(752,986)
3	Total on-balance sheet risks (sum of lines 1 and 2)	903,405,766	697,337,472
Derivative financial instruments and credit derivatives			
4	Replacement cost associated with all derivative instruments and credit derivatives	12,614,283	18,399,337
5	Add-on amounts for PFE associated with all derivative instruments and credit derivatives	38,875,603	31,600,220
6	Total risks of derivative financial instruments and credit derivatives (sum of lines 4 to 5)	51,489,886	49,999,557
Securities or commodity financing transactions (SCFT)			
7	Risks from SCFT assets (excluding on-balance sheet)	1,940,944	1,786,927
8	Risks from brokerage activities related exposures		-
9	Total risks related with securities or commodity financing transactions (sum of lines 7 to 8)	1,940,944	1,786,927
Other off-balance sheet transactions			
10	Gross notional amounts of off-balance sheet transactions	337,224,375	241,207,090
11	(Adjustments for conversion to credit equivalent amounts)	(2,917,168)	(5,744,892)
12	Total risks of off-balance sheet items (sum of lines 10 and 11)	334,307,207	235,462,198
Capital and total risks			
13	Tier I capital	105,277,490	75,592,095
14	Total risks (sum of lines 3, 6, 9 and 12)	1,291,143,803	984,586,154
Leverage ratio			
15	Leverage ratio	8.16	7.73

(*) 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 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 absorb 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 to is managed by providing an 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) (*)	595,308,937	421,641,873	47,624,715
2	Of which standardised approach (SA)	595,308,937	421,641,873	47,624,715
3	Of which internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	13,471,535	26,456,956	1,077,723
5	Of which standardised approach for counterparty credit risk (SA-CCR)	13,471,535	26,456,956	1,077,723
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	-	-	-
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	39,774,832	29,764,447	3,181,987
17	Of which standardised approach (SA)	39,774,832	29,764,447	3,181,987
18	Of which internal model approaches (IMM)	-	-	-
19	Operational risk	62,279,426	47,841,850	4,982,354
20	Of which basic indicator approach	62,279,426	47,841,850	4,982,354
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)	710,834,730	525,705,126	56,866,779

(*) 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 Credit risk

4.10.3.1 General information on credit risk

4.10.3.1.1 General qualitative information on credit risk

The Bank's credit risk management policies; under the relevant legislation in line with the Bank's credit strategy approved by the board of directors are created based on the prudence, sustainability and customer credit worthiness principles. Credit risk is managed on a portfolio basis considering the risk/return balance and asset quality of the Bank in the scope of the principles specified in the credit risk policy documents.

Credit risk management is a structured process where credit risks are consistently assessed, quantified and monitored. In order to take the right decision, during the credit process which begins with the application of the customer and includes the phases of determination of the customer's credibility, collateralization, loan configuration, approval and usage, monitoring and closing the exposure, all required financial and non-financial information and documents intended to identify the customer are collected in a centralized database, with this information the customer's financial strength is analyzed, credit risk analysis is done. The customers are graded according to their segment and activity fields and the information is kept updated by inquiring the customers. Thus before a loan is granted, it is ensured that risks are well-understood, sufficient evaluation has been done and after the loan is granted the loan is monitored, controlled and reported.

Diversification to avoid concentrations are performed while determining the Bank's credit risk profile. Credit portfolios are evaluated depending upon the credit type, managed aggregately during their life cycle. Customer selection is made in accordance with the policies and strategies, affordability of the borrower to fulfil on a timely basis all financial obligations with his expected cash flows from foreseeable specific transactions or from its regular operations; without depending upon guarantors, bails or pledged assets is predicated. Necessary risk rating/scoring models are developed, reviewed, and validated for the different portfolios of the Bank. These models are created by ensuring the best separation of the customers in terms of their credibility and grading them using the objective criteria. The outputs of the internal rating and scoring models that developed based on the each portfolio are an important part of the loan approval process.

Loan based assessment, allocation and monitoring are carried out within the framework of related processes by related units in the credit group. Credit proposals, on the basis of the determined amount and in the framework of levels of authority, are concluded after being evaluated by the regional offices, loans units and committees of headoffice, if required by the credit committee and the board of directors. The credit approval authority can be transferred starting from the board of directors by notifying in written form.

Each unit operating in credit risk management is responsible for identifying risks arising from its own process, activities and systems, informing senior management and taking necessary action to reduce risk level.

The general risk policy including the risk appetite and indicators is determined by the board of directors. Risk management is handled, in order to reach the determined targets, by carrying out a continuous monitoring process with a proper classification of risks and customers in scope of the effective management mentality. The limit framework and delegation rules are specified by establishing proper decision systems in order to assess the risks correctly. Optimum limit levels are determined by taking into account the loss and returns during the limit setting process.

Organizational structure related to credit risk management and control functions is detailed below: Units within the scope of credit risk management; Corporate and Specialized Loans, Commercial Loans, Corporate and Commercial Loans Restructuring, Commercial Products Collection, Retail and SME Loans Risk Governance, Risk Strategies, Retail Loans Evaluation, Retail Collections, Risk Planning Monitoring and Reporting, Credit Risk Management Advanced Analytics, Risk Projects, Validation, Credit Risk Control and Regional Loans Coordination.

In addition, decisions regarding the credit policy in the corporate governance framework are taken by the relevant committees. In this context, there are Credit Committee, Wholesale Credit, Risk Committee, Retail

Credit Risk Committee, Risk Management Committee, Risk Technology and Analytics Committee, Credit Restructuring Committee, NPL and Collection Committee, Credit Admission Committee, and Risk Committee. Allocated limits and conditions that exceeding the limits with their usage, evaluations regarding major risks and non-performing loans with high risk, information regarding NPLs, the data regarding the portfolios of subsidiaries are reported to senior management on a regular basis.

The Risk Management measures, monitors and reports credit risks by using validated probability of defaults obtained from the Bank's rating models, loss that is caused by defaulted customer and credit conversion factors. The Bank's internal capital is calculated and adequacy is assessed by considering stress tests and scenario analysis. Also, by considering optimum risk return balance, expectations regarding economic outlook the limits are determined for credit portfolios. Risk based analyses are executed, credit concentrations are monitored and the results are presented to senior management.

The Bank carries out on-site and central controls regarding credit risk by Internal Control Unit. Additionally, risk and actions regarding the findings identified during process audits are followed up. Moreover, controls regarding credit risk towards branch customer transactions and operational documentation are executed by on-site and central control methodologies. In addition, Risk Management Control which reports to the Risk Management Department conducts periodic controls and assessments on credit risk management on compliance with the Bank's credit risk policies, rules and procedures.

4.10.3.1.2 Credit quality of assets

	<i>Current Period</i>	<i>Gross carrying value as per TAS</i>		<i>Allowances/amortisation and impairments</i>	<i>Net values</i>
		<i>Defaulted</i>	<i>Non-defaulted</i>		
1	Loans	17,457,804	746,454,857	12,047,507	751,865,154
2	Debt securities	-	141,373,043	-	141,373,043
3	Off-balance sheet exposures	2,325,281	182,095,647	1,562,166	182,858,762
4	Total	19,783,085	1,069,923,547	13,609,673	1,076,096,959

	<i>Prior Period</i>	<i>Gross carrying value as per TAS</i>		<i>Allowances/amortisation and impairments</i>	<i>Net values</i>
		<i>Defaulted</i>	<i>Non-defaulted</i>		
1	Loans	16,071,215	593,607,901	10,614,068	599,065,048
2	Debt securities	-	86,301,043	-	86,301,043
3	Off-balance sheet exposures	2,002,246	135,926,727	1,326,913	136,602,060
4	Total	18,073,461	815,835,671	11,940,981	821,968,151

4.10.3.1.3 Changes in stock of default loans and debt securities

	<i>Current Period</i>	<i>Prior Period</i>
1 Defaulted loans and debt securities at end of the previous reporting period	16,071,215	14,383,132
2 Loans and debt securities defaulted since the last reporting period(**)	9,763,700	4,070,756
3 Receivables back to non-defaulted status	(123,549)	(602,424)
4 Amounts written off(*)(**)	(7,937,714)	(3,898,992)
5 Other changes	(315,848)	2,118,743
6 Defaulted loans and debt securities at end of the reporting period	17,457,804	16,071,215

(*) Includes written-off, written-downs and sold receivables.

(**) The loan granted to LYY Telekomünikasyon A.Ş. amounting to USD 459,033,539 (TL 7,576,349) has been transferred as non-performing loans and has been written-down at the same time.

4.10.3.1.4 Additional disclosure related to the credit quality of assets

Not prepared in compliance with the communique “Risk Management Related Disclosures to be Announced to Public by Banks”.

4.10.3.2 Credit risk mitigation

4.10.3.2.1 Qualitative disclosure on credit risk mitigation techniques

The Bank assesses the cash flow of the activity or investment subject to credit as the primary repayment source during the credit assignment process.

Calculating the value of the collateral depends on margins determined according to market and FX risks. Standard margins in use throughout the Bank are specific to type of the collateral and changes according to the currency of the collateral.

If credit assignment is conditioned to a collateral extension, the data of the collaterals must be entered to the banking information system. Operational transactions are handled by centralized Operation unit (ABACUS). During the credit utilization, compliance of all conditions between credit decision and credit utilization (such as collateral conditions) are controlled systematically.

The Bank monitors up to date value of the collaterals by type. Credit monitoring process involves the control of the balance between the value of the collateral and risk besides creditworthiness of the customer.

Within the context of capital adequacy ratio calculation, The Bank’s credit risk exposure and mitigation techniques used in order to reduce the exposure level are taken into account according to the principles stated in the related regulation. The Bank applies credit risk mitigation according to the comprehensive method that includes risk mitigation calculations considering the volatility-adjusted values of financial collaterals. The standardized risk weights are applied to the rest of the loans and receivables that remained unprotected after credit risk mitigation techniques. Financial collaterals, that are composed of cash or cash equivalents, real estate mortgages, high quality securities and Credit Guarantee Fund suretyship having Treasury guarantee, have been used in credit risk mitigation.

4.10.3.2.2 Credit risk mitigation techniques

	<i>Current Period</i>	<i>Exposures unsecured: carrying amount as per TAS</i>	<i>Exposures secured by collateral</i>	<i>Collateralized amount of exposures secured by collateral</i>	<i>Exposures secured by financial guarantees</i>	<i>Collateralized amount of exposures secured by financial guarantees</i>	<i>Exposures secured by credit derivatives</i>	<i>Collateralized amount of exposures secured by credit derivatives</i>
1	Loans	700,245,713	51,619,441	49,353,434	6,077,831	6,077,831	-	-
2	Debt securities	141,373,043	-	-	-	-	-	-
3	Total	841,618,756	51,619,441	49,353,434	6,077,831	6,077,831	-	-
4	Of which defaulted(*)	17,457,804	-	637	-	-	-	-

(*)The defaulted amount is given as gross.

	<i>Prior Period</i>	<i>Exposures unsecured: carrying amount as per TAS</i>	<i>Exposures secured by collateral</i>	<i>Collateralized amount of exposures secured by collateral</i>	<i>Exposures secured by financial guarantees</i>	<i>Collateralized amount of exposures secured by financial guarantees</i>	<i>Exposures secured by credit derivatives</i>	<i>Collateralized amount of exposures secured by credit derivatives</i>
1	Loans	549,022,138	50,042,910	48,248,913	2,138,701	2,138,701	-	-
2	Debt securities	86,185,212	115,831	29,620	-	-	-	-
3	Total	635,207,350	50,158,741	48,278,533	2,138,701	2,138,701	-	-
4	Of which defaulted(*)	16,071,148	67	592	-	-	-	-

(*)The defaulted amount is given as gross.

4.10.3.3 Credit risk under standardised approach

4.10.3.3.1 Qualitative disclosures on banks' use of external credit ratings under the standardised approach for credit risk

Qualitative disclosures on banks' use of external credit ratings under the standardised approach for credit risk
 An international rating firm, Fitch Ratings' external risk ratings and JCR Avrasya Derecelendirme A.Ş.
 international ratings are used to determine the risk weights of the risk categories as per the Article 6 of the
 "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks".

The international risk ratings are used for the exposures to central governments and central banks, whereas for
 central governments and central banks that are not rated by Fitch Ratings, the published country ratings as
 announced by the Organisation for Economic Cooperation and Development (OECD) are used.

According to the regulation on capital adequacy, external risk ratings are used only for the exposures to banks
 and brokerage houses and to corporates where the counterparties are resident in abroad, to determine their risk
 weights. According to BRSA decision No.8875 dated 21 February 2020, for the assignment of risk weights to
 TL denominated receivables from domestic Banks, brokerage houses and Corporates JCR Avrasya
 Derecelendirme A.Ş. international ratings are used. Other domestic receivables are considered as unrated in
 the calculation of capital adequacy.

In the determination of risk weights; if a relevant rating is available then such rating, but if it is an unrated
 exposure then the rating available for the issuer is used.

Rating notes issued by Fitch Ratings are presented in the table below, as per credit quality levels and risk
 weights per risk classes:

<i>Credit Quality Level</i>	<i>Fitch Ratings long term credit rating</i>	<i>Risk Classes</i>			
		<i>Exposures to Central Governments or Central Banks</i>	<i>Exposures to Banks and Brokerage Houses</i>		<i>Exposures to Corporates</i>
			<i>Exposures with Original Maturities Less Than 3 Months</i>	<i>Exposures with Original Maturities More Than 3 Months</i>	
1	AAA to AA-	0%	20%	20%	20%
2	A+ to A-	20%	20%	50%	50%
3	BBB+ to BBB-	50%	20%	50%	100%
4	BB+ to BB-	100%	50%	100%	100%
5	B+ to B-	100%	50%	100%	150%
6	CCC+ and below	150%	150%	150%	150%

4.10.3.3.2 Credit risk exposure and credit risk mitigation techniques

	<i>Current Period</i>	<i>Exposures before CCF and CRM</i>		<i>Exposures post-CCF and CRM</i>		<i>RWA and RWA density</i>	
		<i>On-balance sheet amount</i>	<i>Off-balance sheet amount</i>	<i>On-balance sheet amount</i>	<i>Off-balance sheet amount</i>	<i>RWA</i>	<i>RWA density</i>
	<i>Risk classes</i>						
1	Exposures to sovereigns and their central banks	267,409,206	499,618	273,410,131	288,809	4,715,584	1.72%
2	Exposures to regional and local governments	2,388,279	2,749	2,387,881	1,373	1,194,627	50.00%
3	Exposures to administrative bodies and non-commercial entities	984,908	268,898	984,565	25,637	1,010,204	100.00%
4	Exposures to multilateral development banks	12	-	12	-	-	0.00%
5	Exposures to international organizations	-	-	-	-	-	0.00%
6	Exposures to banks and brokerage houses	76,454,269	60,590,463	58,607,239	9,101,787	20,743,036	30.64%
7	Exposures to corporates	258,868,656	142,314,715	241,326,264	69,787,928	268,974,410	86.46%
8	Retail exposures	143,895,842	132,283,199	139,005,166	11,957,663	118,375,912	78.41%
9	Exposures secured by residential property	18,159,649	3,008	18,150,052	1,504	6,353,045	35.00%
10	Exposures secured by commercial property	15,762,860	3,864,949	15,709,173	2,193,486	11,211,107	62.62%
11	Past-due items	4,815,819	14	4,815,817	-	2,849,043	59.16%
12	Exposures in high-risk categories	70,485,328	713,663	70,332,223	383,788	121,416,095	171.70%
13	Exposures in the form of bonds secured by mortgages	-	-	-	-	-	0.00%
14	Short-term exposures to banks, brokerage houses and corporates	-	-	-	-	-	0.00%
15	Exposures in the form of collective investment undertakings	-	-	-	-	-	0.00%
16	Other exposures	36,410,360	-	36,410,362	-	16,771,697	46.06%
17	Shares	21,694,177	-	21,694,177	-	21,694,177	100.00%
18	Total	917,329,365	340,541,276	882,833,062	93,741,975	595,308,937	60.96%

	<i>Prior Period</i>	<i>Exposures before CCF and CRM</i>		<i>Exposures post-CCF and CRM</i>		<i>RWA and RWA density</i>	
		<i>On-balance sheet amount</i>	<i>Off-balance sheet amount</i>	<i>On-balance sheet amount</i>	<i>Off-balance sheet amount</i>	<i>RWA</i>	<i>RWA density</i>
	<i>Risk classes</i>						
1	Exposures to sovereigns and their central banks	161,997,331	2,723,197	164,127,870	131,919	3,022,776	1.84%
2	Exposures to regional and local governments	1,457,517	2,650	1,457,518	1,324	729,421	50.00%
3	Exposures to administrative bodies and non-commercial entities	850,223	48,525	850,153	13,659	863,812	100.00%
4	Exposures to multilateral development banks	45	-	45	-	-	0.00%
5	Exposures to international organizations	-	-	-	-	-	0.00%
6	Exposures to banks and brokerage houses	66,549,134	18,070,604	34,413,487	6,010,385	14,045,932	34.75%
7	Exposures to corporates	190,989,687	101,546,252	184,942,343	44,404,169	223,404,606	97.41%
8	Retail exposures	123,965,697	98,699,966	121,240,563	8,776,172	100,841,322	77.56%
9	Exposures secured by residential property	17,805,704	3,327	17,792,955	1,664	6,228,117	35.00%
10	Exposures secured by commercial property	12,267,483	2,636,176	12,220,682	1,543,791	8,913,316	64.76%
11	Past-due items	4,004,058	92	4,004,043	-	2,793,633	69.77%
12	Exposures in high-risk categories	22,600,438	550,229	22,455,336	289,770	33,805,927	148.63%
13	Exposures in the form of bonds secured by mortgages	-	-	-	-	-	0.00%
14	Short-term exposures to banks, brokerage houses and corporates	-	-	-	-	-	0.00%
15	Exposures in the form of collective investment undertakings	-	-	-	-	-	0.00%
16	Other exposures	28,060,685	-	25,501,251	-	10,949,103	42.94%
17	Shares	16,043,908	-	16,043,908	-	16,043,908	100.00%
18	Total	646,591,910	224,281,018	605,050,154	61,172,853	421,641,873	63.29%

4.10.3.3 Exposures by asset classes and risk weights

	<i>Regulatory portfolio</i>	<i>0%</i>	<i>2%</i>	<i>10%</i>	<i>20%</i>	<i>25%</i>	<i>35%</i>	<i>50%</i>	<i>75%</i>	<i>100%</i>	<i>150%</i>	<i>250%</i>	<i>Others</i>	<i>Total risk amount (post-CCF and CRM)</i>
1	Exposures to sovereigns and their central banks	262,948,615	-	-	7,543,384	-	-	70	-	3,206,871	-	-	-	273,698,940
2	Exposures to regional and local government	-	-	-	-	-	-	2,389,253	-	1	-	-	-	2,389,254
3	Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-	-	-	1,010,202	-	-	-	1,010,202
4	Exposures to multilateral development banks	12	-	-	-	-	-	-	-	-	-	-	-	12
5	Exposures to international organizations	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Exposures to banks and brokerage houses	-	270,741	-	47,234,404	-	-	17,826,281	-	2,377,600	-	-	-	67,709,026
7	Exposures to corporates	-	-	-	38,034,030	-	-	23,422,130	5,954	249,652,078	-	-	-	311,114,192
8	Retail exposures	-	-	-	1,501	-	-	479	130,341,906	20,618,943	-	-	-	150,962,829
9	Exposures secured by residential property	-	-	-	-	-	18,151,556	-	-	-	-	-	-	18,151,556
10	Exposures secured by commercial property	-	-	-	-	-	-	13,383,106	-	4,519,553	-	-	-	17,902,659
11	Past-due items	-	-	-	-	-	-	3,933,554	-	882,263	-	-	-	4,815,817
12	Exposures in high-risk categories	-	-	-	-	-	-	215,910	-	69,805	39,244,529	-	31,185,767	70,716,011
13	Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Exposures in the form of collective investment undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-
16	Shares	-	-	-	-	-	-	-	-	21,694,177	-	-	-	21,694,177
17	Other exposures	19,637,826	-	-	1,041	-	-	-	-	16,771,495	-	-	-	36,410,362
18	Total	282,586,453	270,741	-	92,814,360	-	18,151,556	61,170,783	130,347,860	320,802,988	39,244,529	-	31,185,767	976,575,037

	<i>Regulatory portfolio</i>	<i>0%</i>	<i>2%</i>	<i>10%</i>	<i>20%</i>	<i>25%</i>	<i>35%</i>	<i>50%</i>	<i>75%</i>	<i>100%</i>	<i>150%</i>	<i>250%</i>	<i>Others</i>	<i>Total risk amount (post-CCF and CRM)</i>
1	Exposures to sovereigns and their central banks	157,885,556	-	-	4,189,275	-	-	75	-	2,184,883	-	-	-	164,259,789
2	Exposures to regional and local government	-	-	-	-	-	-	1,458,841	-	1	-	-	-	1,458,842
3	Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-	-	-	863,812	-	-	-	863,812
4	Exposures to multilateral development banks	45	-	-	-	-	-	-	-	-	-	-	-	45
5	Exposures to international organizations	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Exposures to banks and brokerage houses	-	406,038	-	21,959,135	-	-	16,825,429	-	1,233,270	-	-	-	40,423,872
7	Exposures to corporates	-	-	-	2,403,077	-	-	8,063,595	-	218,855,134	24,706	-	-	229,346,512
8	Retail exposures	-	-	-	12,208	-	-	416	116,661,757	13,342,354	-	-	-	130,016,735
9	Exposures secured by residential property	-	-	-	-	-	17,794,619	-	-	-	-	-	-	17,794,619
10	Exposures secured by commercial property	-	-	-	-	-	-	9,702,315	-	4,062,158	-	-	-	13,764,473
11	Past-due items	-	-	-	-	-	-	2,437,485	-	1,549,895	16,663	-	-	4,004,043
12	Exposures in high-risk categories	-	-	-	-	-	-	91,634	-	440,205	22,213,267	-	-	22,745,106
13	Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Exposures in the form of collective investment undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-
16	Shares	-	-	-	-	-	-	-	-	16,043,908	-	-	-	16,043,908
17	Other exposures	14,551,522	-	-	779	-	-	-	-	10,948,950	-	-	-	25,501,251
18	Total	172,437,123	406,038	-	28,564,474	-	17,794,619	38,579,790	116,661,757	269,524,570	22,254,636	-	-	666,223,007

4.10.4 Counterparty credit risk

4.10.4.1 Qualitative disclosure on counterparty credit risk

Counterparty credit risk management policies include evaluating and monitoring risk developments, taking necessary measures, setting risk limits, ensuring that the risks remain within the limits, and establishing required reporting, control and audit mechanisms by using the methods aligned with both international standards and local regulations. The policies regarding counterparty credit risk measurement, monitoring, and limit settings are defined by the board of directors.

Counterparty credit risk arising from derivative transactions is periodically being monitored and reported by the Market Risk and Credit Risk Control units on product, country, counterparty and counterparty type basis.

International framework agreements (ISDA, CSA, GMRA, etc.) are being used through collateral and margin call mechanisms in order to mitigate the counterparty credit risk.

4.10.4.2 Counterparty credit risk (CCR) approach analysis

	<i>Current Period</i>	<i>Replacement cost</i>	<i>Potential future exposure</i>	<i>EEPE(Effective Expected Positive Exposure)</i>	<i>Alpha used for computing regulatory EAD</i>	<i>EAD post-CRM</i>	<i>RWA</i>
1	Standardised Approach - CCR (for derivatives)	10,310,261	6,607,665		1.4	16,906,255	7,739,689
2	Internal Model Method (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)				-	-	-
3	Simple Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					-	-
4	Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					724,158	179,367
5	Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions					-	-
6	Total						7,919,057

	<i>Prior Period</i>	<i>Replacement cost</i>	<i>Potential future exposure</i>	<i>EEPE(Effective Expected Positive Exposure)</i>	<i>Alpha used for computing regulatory EAD</i>	<i>EAD post-CRM</i>	<i>RWA</i>
1	Standardised Approach - CCR (for derivatives)	12,419,936	4,884,998		1.4	17,267,427	13,971,203
2	Internal Model Method (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)				-	-	-
3	Simple Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)						-
4	Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					1,342,545	407,047
5	Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions						-
6	Total						14,378,250

4.10.4.3 Capital requirement for credit valuation adjustment (CVA)

	<i>Current Period</i>		<i>Prior Period</i>	
	<i>EAD post-CRM</i>	<i>RWA</i>	<i>EAD post-CRM</i>	<i>RWA</i>
Total portfolios subject to the Advanced CVA capital obligation	-	-	-	-
1 (i) VaR component (including the 3×multiplier)				-
2 (ii) Stressed VaR component (including the 3×multiplier)				-
3 All portfolios subject to the Standardised CVA capital obligation	16,906,255	5,552,480	17,267,427	12,078,706
4 Total subject to the CVA capital obligation	16,906,255	5,552,480	17,267,427	12,078,706

4.10.4.4 CCR exposures by risk class and risk weights

<i>Current Period</i>	<i>Risk weight</i>										
	<i>0%</i>	<i>2%</i>	<i>10%</i>	<i>20%</i>	<i>50%</i>	<i>75%</i>	<i>100%</i>	<i>150%</i>	<i>Other</i>	<i>Total credit exposure</i>	
Exposures to sovereigns and their central banks	3,081,665	-	-	-	-	-	-	-	-	-	3,081,665
Exposures to regional and local governments	-	-	-	-	-	-	-	-	-	-	-
Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-	4	-	-	-	4
Exposures to multilateral development banks	549,099	-	-	-	-	-	-	-	-	-	549,099
Exposures to international organizations	-	-	-	-	-	-	-	-	-	-	-
Exposures to banks and brokerage houses	-	139,839	-	2,305,225	7,236,041	-	1,137	-	-	-	9,682,242
Exposures to corporates	-	18,124	-	355,129	333,468	-	3,559,681	-	-	-	4,266,402
Retail exposures	-	-	-	-	-	51,001	-	-	-	-	51,001
Other assets	-	-	-	-	-	-	-	-	-	-	-
Total	3,630,764	157,963	-	2,660,354	7,569,509	51,001	3,560,822	-	-	-	17,630,413

<i>Prior Period</i>	<i>Risk weight</i>										
	<i>0%</i>	<i>2%</i>	<i>10%</i>	<i>20%</i>	<i>50%</i>	<i>75%</i>	<i>100%</i>	<i>150%</i>	<i>Other</i>	<i>Total credit exposure</i>	
Exposures to sovereigns and their central banks	-	-	-	-	-	-	7,454,303	-	-	-	7,454,303
Exposures to regional and local governments	-	-	-	-	-	-	-	-	-	-	-
Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-	14	-	-	-	14
Exposures to multilateral development banks	207,693	-	-	-	-	-	-	-	-	-	207,693
Exposures to international organizations	-	-	-	-	-	-	-	-	-	-	-
Exposures to banks and brokerage houses	-	116,564	-	1,352,106	5,373,799	-	794	-	-	-	6,843,263
Exposures to corporates	-	10,138	-	823	250,217	-	3,821,481	-	-	-	4,082,659
Retail exposures	-	-	-	-	-	22,040	-	-	-	-	22,040
Other assets	-	-	-	-	-	-	-	-	-	-	-
Total	207,693	126,702	-	1,352,929	5,624,016	22,040	11,276,592	-	-	-	18,609,972

4.10.4.5 Collaterals for CCR

Current Period	Collateral for derivative transactions				Collateral for other transactions	
	Fair value of collateral received		Fair value of collateral given		Fair value of collateral received	Fair value of collateral given
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash-domestic currency	8,822	-	-	-	25,419,406	-
Cash-foreign currency	2,848	-	-	-	3,990,779	-
Domestic sovereign debts	-	-	-	-	-	17,023,460
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	11,670	-	-	-	29,410,185	17,023,460

Prior Period	Collateral for derivative transactions				Collateral for other transactions	
	Fair value of collateral received		Fair value of collateral given		Fair value of collateral received	Fair value of collateral given
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash-domestic currency	30,430	-	-	-	7,396,600	-
Cash-foreign currency	7,077	-	-	-	4,127,882	-
Domestic sovereign debts	-	-	-	-	-	11,221,831
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	37,507	-	-	-	11,524,482	11,221,831

4.10.4.6 Credit derivatives

	Current Period		Prior Period	
	Protection bought	Protection sold	Protection bought	Protection sold
Notionals				
Single-name credit default swaps	-	-	-	-
Index credit default swaps	-	-	-	-
Total return swaps	-	26,101,276	-	18,780,491
Credit options	-	-	-	-
Other credit derivatives	-	-	-	-
Total Notionals	-	26,101,276	-	18,780,491
Fair Values				
Positive fair values (asset)	-	-	-	-
Negative fair values (liability)	-	(6,066,675)	-	(2,436,949)

4.10.4.7 Exposures to central counterparties

	<i>Current Period</i>		<i>Prior Period</i>	
	<i>EAD (post-CRM)</i>	<i>RWA</i>	<i>EAD (post-CRM)</i>	<i>RWA</i>
Exposures to QCCPs (total)		31,593		2,534
Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	-	-	-	-
(i) OTC derivatives	1,579,632	31,593	126,702	2,534
(ii) Exchange-traded derivatives	-	-	-	-
(iii) Securities financing transactions	-	-	-	-
(iv) Netting sets where cross-product netting has been approved	-	-	-	-
Segregated initial margin	-		-	
Non-segregated initial margin	-	-	-	-
Pre-funded default fund contributions	-	-	-	-
Unfunded default fund contributions	-	-	-	-
Exposures to non-QCCPs (total)		-		-
Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	-	-	-	-
(i) OTC derivatives	-	-	-	-
(ii) Exchange-traded derivatives	-	-	-	-
(iii) Securities financing transactions	-	-	-	-
(iv) Netting sets where cross-product netting has been approved	-	-	-	-
Segregated initial margin	-		-	
Non-segregated initial margin	-	-	-	-
Pre-funded default fund contributions	-	-	-	-

4.10.5 Securitisations

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

4.10.6 Market risk

4.10.6.1 Qualitative disclosure on market risk

Market risk is managed in accordance with the strategies and policies defined by the Bank. The Bank takes economic climate, market and liquidity conditions and their effects on market risk, the structure of portfolio subject to market risk, the sufficiency of the Bank’s definition, measurement, evaluation, monitoring, reporting, control and mitigation of market risk and the availability of the related processes into account while defining the market risk management. Market risk strategies and policies are reviewed by the board of directors and related top management by considering financial performance, capital required for market risk, and the existing market developments. Market risk for internal use, implementation fundamentals and procedures are being developed on bank-only and consolidated level in consideration of the size and complexity of the operations.

Market risk is managed through measuring the risks in parallel with the international standards, setting the limits, capital reserving and additionally through mitigating via hedging transactions.

The Market Risk function under Market Risk and Structural Risk Control Unit monitors the activities of Treasury Unit via risk reports and the limits approved by the board of directors.

Market Risk, which is defined as the risk arising from the price fluctuations in balance sheet and off-balance sheet trading positions, is being calculated and reported daily via Value at Risk (VaR) Model.

4.10.6.2 Market risk under standardised approach

		<i>RWA</i>	
		<i>Current Period</i>	<i>Prior Period</i>
	Outright products	39,410,732	29,734,147
1	Interest rate risk (general and specific)	3,932,437	2,692,038
2	Equity risk (general and specific)	1,063,894	896,672
3	Foreign exchange risk	31,788,413	25,183,175
4	Commodity risk	2,625,988	962,262
	Options	364,100	30,300
5	Simplified approach	-	-
6	Delta-plus method	364,100	30,300
7	Scenario approach	-	-
8	Securitisation	-	-
9	Total	39,774,832	29,764,447

4.10.7 Operational risk

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

4.10.8 Banking book interest rate risk

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

5 Disclosures and Footnotes on Unconsolidated Financial Statements

5.1 Assets

5.1.1 Cash and cash equivalents

5.1.1.1 Cash and balances with Central Bank

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	2,802,906	14,891,151	1,916,282	14,007,635
Central Bank of Turkey	41,577,098	82,048,145	11,613,904	91,085,992
Others	-	5,580,505	-	4,489,337
Total	44,380,004	102,519,801	13,530,186	109,582,964

Balances with the Central Bank of Turkey

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Unrestricted Demand Deposits	34,472,202	1,476,266	11,613,904	32,119,361
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	7,104,896	80,571,879	-	58,966,631
Total	41,577,098	82,048,145	11,613,904	91,085,992

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

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

The required reserve rates for TL liabilities vary between 3% and 8% for TL deposits and other liabilities according to their maturities as of 30 June 2022 (31 December 2021: 3% and 8% for all TL liabilities); the reserve rates for foreign currency liabilities vary between 5% and 26% for deposit and other foreign currency liabilities according to their maturities as of 30 June 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 and GBP and participation fund accounts in foreign currency to TL time deposit and participation funds is 10% in TL for real and legal persons as of the obligation date of 15 April 2022; for banks that have reached 10% for real persons, 20% for legal entities as of the obligation date of 8 July 2022, and 20% for real persons and 20% for legal persons as of the date of 2 September 2022 has been decided not to apply the annual commission on the part of the amount required to be kept for their liabilities until the end of 2022. The practice of charging double commission from banks that could not reach the conversion rate determined as of 2 September 2022 was canceled, and the commission rate was increased from 1.5% to 5% as of the commitment date of 8 July 2022.

5.1.1.2 Banks

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Banks				
Domestic banks	81,381	236,638	176,782	347,784
Foreign banks	202,229	63,186,241	489,740	43,146,920
Foreign head offices and branches	-	-	-	-
Total	283,610	63,422,879	666,522	43,494,704

The placements at foreign banks include blocked accounts amounting TL 18,816,164 (31 December 2021: TL 20,499,346) of which TL 8,655,498 (31 December 2021: TL 5,937,765) kept at the central banks of Malta, TL 454,146 (31 December 2021: TL 368,848) kept at Turkish Republic of Northern Cyprus and TL 9,706,520 (31 December 2021: TL 14,192,733) kept at various banks as collateral.

Due from foreign banks

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

5.1.1.3 Receivables from reserve repo transactions

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Domestic Transactions	1,010	-	30,486,557	-
Central Bank of Turkey	-	-	-	-
Banks	-	-	30,161,870	-
Others	1,010	-	324,687	-
Foreign Transactions	-	23,515,385	-	2,964,602
Central banks	-	-	-	-
Banks	-	23,515,385	-	2,964,602
Others	-	-	-	-
Total	1,010	23,515,385	30,486,557	2,964,602

5.1.1.4 Expected credit losses for cash and cash equivalents

	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
Current Period				
Balances at Beginning of Period	237,031	-	-	237,031
Additions during the Period (+)	1,074,807	12,726	-	1,087,533
Disposals (-)	(980,629)	(8,779)	-	(989,408)
Transfer to 12 month ECL (Stage1)	-	-	-	-
Transfer to lifetime ECL Significant Increase in Credit Risk (Stage 2)	(15)	15	-	-
Transfer to lifetime ECL Impaired Credits (Stage 3)	-	-	-	-
Foreign Currency Differences	40,573	2,371	-	42,944
Balances at End of Period	371,767	6,333	-	378,100

	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
Prior Period				
Balances at Beginning of Period	416,064	-	-	416,064
Additions during the Period (+)	1,195,292	-	-	1,195,292
Disposals (-)	(1,422,739)	-	-	(1,422,739)
Transfer to 12 month ECL (Stage1)	-	-	-	-
Transfer to lifetime ECL Significant Increase in Credit Risk (Stage 2)	-	-	-	-
Transfer to lifetime ECL Impaired Credits (Stage 3)	-	-	-	-
Foreign Currency Differences	48,414	-	-	48,414
Balances at End of Period	237,031	-	-	237,031

5.1.2 Information on financial assets measured 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

None.

5.1.2.2 Financial assets measured at fair value through profit or loss

	Current Period		Prior Period	
	TL	FC	TL	FC
Government Securities	530,222	425,088	815,868	380,110
Equity Securities	59,950	86,833	37,263	99,701
Other Financial Assets (*)	872	570,898	841	4,936,380
Total	591,044	1,082,819	853,972	5,416,191

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

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	9,342,750	164,819	5,986,386	3,308,937
Assets subject to Repurchase Agreements	11,112,919	1,352,224	3,164,455	1,730,384
Total	20,455,669	1,517,043	9,150,841	5,039,321

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

	Current Period	Prior Period
Debt Securities	45,814,644	36,521,305
Quoted at Stock Exchange	45,814,644	36,521,305
Unquoted at Stock Exchange	-	-
Common Shares/Investment Fund	12,636	11,477
Quoted at Stock Exchange	4,491	4,491
Unquoted at Stock Exchange	8,145	6,986
Value Increase/Impairment Losses (-)	22,253,531	8,243,375
Total	68,080,811	44,776,157

Expected losses of TL 137,397 (31 December 2021: TL 49,243) 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	365,954	60,170	816,734	23,610
Swap Transactions	6,771,919	3,685,051	13,556,705	2,091,772
Futures	-	473	-	-
Options	38,616	216,865	121,024	60,539
Others	-	-	-	-
Total	7,176,489	3,962,559	14,494,463	2,175,921

5.1.4.2 Derivative financial assets held for hedging purpose

Derivative Financial Assets Held for Hedging Purpose	Current Period		Prior Period	
	TL	FC	TL	FC
Fair Value Hedges	-	31,547	24,699	-
Cash Flow Hedges	485,460	600,322	746,666	83,303
Net Foreign Investment Hedges	-	-	-	-
Total	485,460	631,869	771,365	83,303

As of 30 June 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	56,375,871	689,232	9,459	66,337,846	342,442	664,216
-TL	6,860,001	57,363	736	9,610,000	259,139	41,211
-FC	49,515,870	631,869	8,723	56,727,846	83,303	623,005
Cross Currency Swaps	445,735	327,953	-	570,899	398,750	-
-TL	63,708	327,953	-	93,028	398,750	-
-FC	382,027	-	-	477,871	-	-
Currency Forwards	456,004	100,144	-	661,477	113,476	--
-TL	186,092	100,144	-	294,779	113,476	-
-FC	269,912	-	-	366,698	-	-
Total	57,277,610	1,117,329	9,459	67,570,222	854,668	664,216

5.1.4.3 Fair value hedge accounting

<i>Current Period</i>		Type of Risk	Fair Value Change of Hedged Item	Net Fair Value Change of Hedging Item		Statement of profit or loss Effect (gains/losses from derivative financial instruments)
Hedging Item	Hedged Item			Asset	Liability	
Interest Rate Swaps	Fixed-rate commercial loans	Interest rate risk	(1,769)	1,222	-	13,964
Interest Rate Swaps	Fixed-rate mortgage loans	Interest rate risk	-	-	-	-
Interest Rate Swaps	Fixed-rate securities	Interest rate risk	(59,455)	30,325	(5,752)	(15,273)
Cross Currency Swaps	Fixed-rate securities	Interest rate and foreign currency exchange rate risk	-	-	-	-

<i>Prior Period</i>		Type of Risk	Fair Value Change of Hedged Item	Net Fair Value Change of Hedging Item		Statement of profit or loss Effect (gains/losses from derivative financial instruments)
Hedging Item	Hedged Item			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	349,358	-	(381,075)	(12,108)
Cross Currency Swaps	Fixed-rate securities	Interest rate and foreign currency exchange rate risk	-	-	-	64,211

5.1.4.4 Cash flow hedge accounting

Current Period							
Hedging Item	Hedged Item	Type of Risk	Fair Value Change of Hedged Item		Gains/Losses Accounted under Shareholders' Equity in the Period	Gains/Losses Accounted under Statement of Profit/Loss in the Period	Ineffective Portion (net) Accounted under Statement of Profit/Loss
			Asset	Liability			
Interest Rate Swaps	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates	28,020	-	32,274	(5,838)	-
Interest Rate Swaps	Floating-rate deposit	Cash flow risk resulted from change in market interest rates	627,565	(3,707)	527,391	(102,023)	74,562
Interest Rate Swaps	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates	2,100	-	2,986	2,672	-
Cross Currency Swaps	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	327,953	-	(9,286)	(4,387)	10
Currency Forwards	Mile payments	Cash flow risk resulted from foreign currency exchange rates	100,144	-	36,683	-	-
Spot Position	Mile payments	Cash flow risk resulted from foreign currency exchange rates	-	-	84,736	-	-

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 (101,011) and the amount recognized in Equity is TL (36,104)

<i>Prior 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 Statement of Profit/Loss in the Period	Ineffective Portion (net) Accounted under Statement of Profit/Loss
			Asset	Liability			
Interest Rate Swaps	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates	-	(37,771)	9,427	(32,994)	(4,338)
Interest Rate Swaps	Floating-rate deposit	Cash flow risk resulted from change in market interest rates	317,743	(204,337)	562,576	129,670	54,829
Interest Rate Swaps	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates	-	(39,010)	9,924	22,764	(905)
Cross Currency Swaps	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	398,750	-	(12,733)	(12,909)	28
Currency Forwards	Mail payments	Cash flow risk resulted from foreign currency exchange rates	113,476	-	113,476	-	-

(*) 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 (75,411) 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	-	1,661,742	-	1,563,727
Corporates	-	1,661,742	-	1,563,727
Individuals	-	-	-	-
Indirect Lendings to Shareholders	6,734	37,232	3,097	189,593
Loans to Employees	553,185	-	447,819	23
Total	559,919	1,698,974	450,916	1,753,343

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

Current Period Cash Loans (*)	Performing Loans	Loans under Follow-up		
		Non-restructured	Restructured	
			Revised Contract Terms	Refinanced
Loans	452,260,887	37,569,804	25,863,538	19,895,880
Working Capital Loans	59,720,988	4,977,674	1,112,450	9,651,331
Export Loans	50,230,640	3,542,136	89,888	147,343
Import Loans	-	-	-	-
Loans to Financial Sector	12,858,106	10,001	-	-
Consumer Loans	88,123,746	7,586,942	2,120,244	47,713
Credit Cards	59,836,146	7,087,878	196,622	-
Others	181,491,261	14,365,173	22,344,334	10,049,493
Specialization Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	452,260,887	37,569,804	25,863,538	19,895,880

(*) Non-performing loans are not included.

Prior Period Cash Loans (*)	Performing Loans	Loans under Follow-up		
		Non-restructured	Restructured	
			Revised Contract Terms	Refinanced
Loans	328,198,560	38,716,671	24,007,766	17,860,388
Working Capital Loans	48,213,494	4,820,567	1,162,251	8,843,886
Export Loans	29,217,242	3,125,527	170,593	274,861
Import Loans	-	-	-	-
Loans to Financial Sector	10,925,100	202,018	-	-
Consumer Loans	74,799,285	8,428,529	2,844,594	50,707
Credit Cards	43,285,801	5,047,807	760,164	0
Others	121,757,638	17,092,223	19,070,164	8,690,934
Specialization Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	328,198,560	38,716,671	24,007,766	17,860,388

(*) Non-performing loans are not included.

<i>Current Period</i>	Corporate/ Commercial Loans		Consumer Loans		Total	
	TL	FC	TL	FC	TL	FC
Performing Loans (Stage 1)	198,343,209	120,943,954	132,667,405	306,319	331,010,614	121,250,273
Loans under Follow-up (Stage 2)	15,593,672	52,429,037	15,278,138	28,375	30,871,810	52,457,412
Total Stage 1 and 2 Loans	213,936,881	173,372,991	147,945,543	334,694	361,882,424	173,707,685
Expected Credit losses-Stage 1-2 (-)	3,817,322	14,450,823	1,269,636	319	5,086,958	14,451,142
Total Non-performing Loans (Stage 3)	13,170,954	1,045,671	3,235,754	5,425	16,406,708	1,051,096
Expected Credit losses-Stage 3 (-)	9,334,577	759,919	1,949,603	3,408	11,284,180	763,327

<i>Prior Period</i>	Corporate/ Commercial Loans		Consumer Loans		Total	
	TL	FC	TL	FC	TL	FC
Performing Loans (Stage 1)	126,692,495	93,324,780	107,972,550	208,735	234,665,045	93,533,515
Loans under Follow-up (Stage 2)	15,318,170	49,543,776	15,695,416	27,463	31,013,586	49,571,239
Total Stage 1 and 2 Loans	142,010,665	142,868,556	123,667,966	236,198	265,678,631	143,104,754
Expected Credit losses-Stage 1-2 (-)	2,804,406	12,010,296	1,315,114	796	4,119,520	12,011,092
Total Non-performing Loans (Stage 3)	5,311,940	7,962,493	2,794,499	2,283	8,106,439	7,964,776
Expected Credit losses-Stage 3 (-)	3,883,947	5,074,530	1,654,233	1,358	5,538,180	5,075,888

	<i>Current Period</i>		<i>Prior Period</i>	
	Performing Loans	Loans Under Follow-Up	Performing Loans	Loans Under Follow-Up
12-Month ECL (Stage 1)	3,946,383	-	2,450,350	-
Significant Increase in Credit Risk (Stage 2)	-	15,591,717	-	13,680,262

As of 30 June 2022, loans amounting to TL 5,720,408 are benefited as collateral under funding transactions (31 December 2021: TL 4,936,289).

Collaterals received for loans under follow-up;

<i>Current Period</i>	Corporate/ Commercial Loans	Consumer Loans	Credit Cards	Total
	Loans Collateralized by Cash	1,498,558	24,122	-
Loans Collateralized by Mortgages/Shares/Credit Guarantee Fund Sureties	27,213,155	2,635,261	-	29,848,416
Loans Collateralized by Pledged Assets	10,576,971	141,853	-	10,718,824
Loans Collateralized by Cheques and Notes	182,488	3,761	-	186,249
Loans Collateralized by Other Collaterals	21,231,776	5,880,209	-	27,111,985
Unsecured Loans	5,586,875	1,069,693	7,284,500	13,941,068
Total	66,289,823	9,754,899	7,284,500	83,329,222

<i>Prior Period</i>	Corporate/ Commercial Loans	Consumer Loans	Credit Cards	Total
	Loans Collateralized by Cash	2,425,486	50,878	-
Loans Collateralized by Mortgages/Shares/Credit Guarantee Fund Sureties	29,659,044	2,947,723	-	32,606,767
Loans Collateralized by Pledged Assets	9,650,263	198,775	-	9,849,038
Loans Collateralized by Cheques and Notes	249,494	6,122	-	255,616
Loans Collateralized by Other Collaterals	18,377,127	7,435,520	-	25,812,647
Unsecured Loans	3,091,610	684,812	5,807,971	9,584,393
Total	63,453,024	11,323,830	5,807,971	80,584,825

Delinquency periods of loans under follow-up;

<i>Current Period</i>	Corporate/ Commercial Loans	Consumer Loans	Credit Cards	Total
31-60 days	222,866	835,270	235,059	1,293,195
61-90 days	3,223,684	294,679	87,174	3,605,537
Others	62,843,273	8,624,950	6,962,267	78,430,490
Total	66,289,823	9,754,899	7,284,500	83,329,222

<i>Prior Period</i>	Corporate/ Commercial Loans	Consumer Loans	Credit Cards	Total
31-60 days	176,053	966,593	204,852	1,347,498
61-90 days	239,827	384,416	102,516	726,759
Others	63,037,144	9,972,821	5,500,603	78,510,568
Total	63,453,024	11,323,830	5,807,971	80,584,825

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	4,791,440	86,777,620	91,569,060
Housing Loans	45,635	25,021,956	25,067,591
Automobile Loans	185,771	3,111,165	3,296,936
General Purpose Loans	4,560,034	58,644,499	63,204,533
Other	-	-	-
Consumer Loans – FC-indexed	-	146,023	146,023
Housing Loans	-	146,023	146,023
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Consumer Loans – FC	2,735	90,340	93,075
Housing Loans	-	58,989	58,989
Automobile Loans	-	15,356	15,356
General Purpose Loans	2,735	15,995	18,730
Other	-	-	-
Retail Credit Cards – TL	49,708,816	188,801	49,897,617
With Installment	22,733,777	188,801	22,922,578
Without Installment	26,975,039	-	26,975,039
Retail Credit Cards – FC	238,187	-	238,187
With Installment	-	-	-
Without Installment	238,187	-	238,187
Personnel Loans – TL	56,028	209,916	265,944
Housing Loan	-	327	327
Automobile Loans	-	180	180
General Purpose Loans	56,028	209,409	265,437
Other	-	-	-
Personnel Loans - FC-indexed	-	-	-
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Loans – FC	195	-	195
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	195	-	195
Other	-	-	-
Personnel Credit Cards – TL	261,941	610	262,551
With Installment	99,541	610	100,151
Without Installment	162,400	-	162,400
Personnel Credit Cards – FC	3,237	-	3,237
With Installment	-	-	-
Without Installment	3,237	-	3,237
Deposit Accounts– TL (Real persons)	5,783,090	-	5,783,090
Deposit Accounts– TL (Personnel)	21,258	-	21,258
Deposit Accounts– FC (Real persons)	-	-	-
Total	60,866,927	87,413,310	148,280,237

<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
Other	-	-	-
Consumer Loans – FC-indexed	-	159,261	159,261
Housing Loans	-	159,261	159,261
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Consumer Loans – FC	964	90,807	91,771
Housing Loans	-	59,419	59,419
Automobile Loans	339	17,151	17,490
General Purpose Loans	625	14,237	14,862
Other	-	-	-
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	160,730	-	160,730
With Installment	-	-	-
Without Installment	160,730	-	160,730
Personnel Loans – TL	40,277	192,755	233,032
Housing Loan	-	399	399
Automobile Loans	-	-	-
General Purpose Loans	40,277	192,356	232,633
Other	-	-	-
Personnel Loans - FC-indexed	-	-	-
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Loans – FC	427	-	427
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	427	-	427
Other	-	-	-
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	1,792	-	1,792
With Installment	-	-	-
Without Installment	1,792	-	1,792
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	44,117,269	79,781,582	123,898,851

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	2,641,079	21,254,297	23,895,376
Real Estate Loans	18,036	1,012,052	1,030,088
Automobile Loans	1,068,764	10,231,675	11,300,439
General Purpose Loans	1554279	10010570	11,564,849
Other	-	-	-
Installment-based Commercial Loans - FC-indexed	-	94,140	94,140
Real Estate Loans	-	37,057	37,057
Automobile Loans	-	385	385
General Purpose Loans	-	56,698	56,698
Other	-	-	-
Installment-based Commercial Loans – FC	2,230	1,374,692	1,376,922
Real Estate Loans	-	-	-
Automobile Loans	1,470	1,282,796	1,284,266
General Purpose Loans	760	91,896	92,656
Other	-	-	-
Corporate Credit Cards – TL	16,211,610	425,606	16,637,216
With Installment	8,335,124	425,606	8,760,730
Without Installment	7,876,486	-	7,876,486
Corporate Credit Cards – FC	81,838	-	81,838
With Installment	-	-	-
Without Installment	81,838	-	81,838
Deposit Accounts– TL (Corporates)	3,630,795	-	3,630,795
Deposit Accounts– FC (Corporates)	-	-	-
Total	22,567,552	23,148,735	45,716,287

<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
Other	-	-	-
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
Other	-	-	-
Installment-based Commercial Loans – FC	935	1,270,044	1,270,979
Real Estate Loans	-	-	-
Automobile Loans	935	1,157,872	1,158,807
General Purpose Loans	-	112,172	112,172
Other	-	-	-
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	14,805,009	18,209,019	33,014,028

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	531,598,033	405,793,659
Foreign Loans	3,992,076	2,989,726
Total	535,590,109	408,783,385

(*) Non-performing loans are not included.

5.1.5.8 Loans to associates and subsidiaries

	<i>Current Period</i>	<i>Prior Period</i>
Direct Lending	3,903,762	3,386,563
Indirect Lending	-	-
Total	3,903,762	3,386,563

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

	<i>Current Period</i>	<i>Prior Period</i>
Substandard Loans - Limited Collectibility	522,160	472,312
Doubtful Loans	1,068,864	745,031
Uncollectible Loans	10,456,483	9,396,725
Total	12,047,507	10,614,068

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)	109,470	685,104	7,148,747
Restructured Loans and Receivables	109,470	685,104	7,148,747
<i>Prior Period</i>			
(Gross Amounts before Provisions)	2,255	421,547	5,998,872
Restructured Loans and Receivables	2,255	421,547	5,998,872

Movements in non-performing loans groups

<i>Current Period</i>	Group III	Group IV	Group V
	Substandard Loans	Doubtful Loans	Uncollectible Loans
Balances at End of Prior Period	1,029,387	1,315,573	13,726,255
Additions (+)	2,041,005	27,610	7,695,085
Transfer from Other NPL Categories (+)	-	1,815,667	1,032,917
Transfer to Other NPL Categories (-)	1,815,667	1,032,917	-
Collections during the Period (-)	288,317	350,721	1,231,709
Write down / Write-offs (-) ^(*) ^(**)	-	-	7,747,736
Debt Sale (-) ^(***)	-	-	189,978
Corporate and Commercial Loans	-	-	35,023
Retail Loans	-	-	109,883
Credit Cards	-	-	45,072
Other ^(****)	-	-	(123,549)
Foreign Currency Differences	3,658	11,510	1,539,731
Balances at End of Period	970,066	1,786,722	14,701,016
Provisions (-)	522,160	1,068,864	10,456,483
Net Balance on Balance Sheet	447,906	717,858	4,244,533

<i>Prior Period</i>	Group III	Group IV	Group V
	Substandard Loans	Doubtful Loans	Uncollectible Loans
Balances at End of Prior Period	85,292	832,276	13,465,564
Additions (+)	1,179,772	2,365,216	525,768
Transfer from Other NPL Categories (+)	-	206,994	1,654,922
Transfer to Other NPL Categories (-)	206,994	1,654,922	-
Collections during the Period (-)	87,972	455,644	1,989,680
Write down / Write-offs (-) ^(*) ^(**)	-	-	3,285,943
Debt Sale (-) ^(***)	-	-	613,049
Corporate and Commercial Loans	-	-	272,257
Retail Loans	-	-	202,269
Credit Cards	-	-	138,523
Other ^(****)	-	-	(602,424)
Foreign Currency Differences	59,289	21,653	4,571,097
Balances at End of Period	1,029,387	1,315,573	13,726,255
Provisions (-)	472,312	745,031	9,396,725
Net Balance on Balance Sheet	557,075	570,542	4,329,530

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

(**) As the details are explained in the section 3.8.5 Disclosures on write down policy, the Bank has written off its Fifth Group-Loss Loans amounting to TL 18,075,062 as of 30 June 2022 (31 December 2021: TL 9,447,212). As of 30 June 2022, the Bank's NPL ratio is measured as 6.22% (31 December 2021: 5.88%) instead of 3.16% (31 December 2021: 3.78%) when the calculation is made by taking into account the loans written off. In the current period, the loan granted to LYY Telekomünikasyon A.Ş. amounting to USD 459,033,539 (TL 7,576,349) has been transferred as non-performing loans and has been written-down at the same time.

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

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

Non-performing loans in foreign currencies

	Group III	Group IV	Group V
	Substandard Loans and Receivables	Doubtful Loans and Receivables	Uncollectible Loans and Receivables
<i>Current Period</i>			
Balance at End of Period	60,756	208,652	9,958,552
Provisions (-)	54,183	185,181	6,866,984
Net Balance at Balance Sheet	6,573	23,471	3,091,568
<i>Prior Period</i>			
Balance at End of Period	81,297	164,829	8,715,509
Provisions (-)	57,047	140,624	5,689,400
Net Balance at Balance Sheet	24,250	24,205	3,026,109

Gross and net non-performing loans as per customer categories

	Group III	Group IV	Group V
	Substandard Loans	Doubtful Loans	Uncollectible Loans
<i>Current Period (Net)</i>			
Loans to Individuals and Corporates (Gross)	970,066	1,786,722	14,701,016
Provision (-)	522,160	1,068,864	10,456,483
Loans to Individuals and Corporates (Net)	447,906	717,858	4,244,533
Banks (Gross)	-	-	-
Provision (-)	-	-	-
Banks (Net)	-	-	-
Other loans (gross)	-	-	-
Provision (-)	-	-	-
Other Loans (Net)	-	-	-
<i>Prior Period (Net)</i>			
Loans to Individuals and Corporates (Gross)	1,029,387	1,315,573	13,726,255
Provision (-)	472,312	745,031	9,396,725
Loans to Individuals and Corporates (Net)	557,075	570,542	4,329,530
Banks (Gross)	-	-	-
Provision (-)	-	-	-
Banks (Net)	-	-	-
Other loans (gross)	-	-	-
Provision (-)	-	-	-
Other Loans (Net)	-	-	-

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

	Group III	Group IV	Group V
	Substandard	Doubtful	Uncollectible
	Loans	Loans	Loans
Current Period (Net)	32,150	65,826	220,060
Interest accruals and valuation differences	64,009	151,053	670,809
Provision (-)	31,859	85,227	450,749
Prior Period (Net)	47,832	70,183	231,286
Interest accruals and valuation differences	87,084	149,308	839,445
Provision (-)	39,252	79,125	608,159

Collaterals received for non-performing loans

	Corporate/ Commercial Loans	Consumer Loans	Credit Cards	Total
Current Period				
Loans Collateralized by Cash	10,831	720	-	11,551
Loans Collateralized by Mortgages	8,595,386	190,161	-	8,785,547
Loans Collateralized by Pledged Assets	1,469,244	18,904	-	1,488,148
Loans Collateralized by Cheques and Notes	133,746	1,595	-	135,341
Loans Collateralized by Other Collaterals	2,394,388	2,059,506	-	4,453,894
Unsecured Loans	1,398,918	277,525	906,880	2,583,323
Total	14,002,513	2,548,411	906,880	17,457,804

	Corporate/ Commercial Loans	Consumer Loans	Credit Cards	Total
Prior Period				
Loans Collateralized by Cash	18,912	607	-	19,519
Loans Collateralized by Mortgages	8,189,553	258,724	-	8,448,277
Loans Collateralized by Pledged Assets	1,342,166	34,602	-	1,376,768
Loans Collateralized by Cheques and Notes	134,638	1,879	-	136,517
Loans Collateralized by Other Collaterals	1,946,451	1,674,014	-	3,620,465
Unsecured Loans	1,434,905	251,037	783,727	2,469,669
Total	13,066,625	2,220,863	783,727	16,071,215

5.1.5.11 Expected credit loss for loans

Current Period	Stage 1	Stage 2	Stage 3	Total
Balances at End of Prior Period	2,450,350	13,680,262	10,614,068	26,744,680
Additions during the Period (+)	4,175,814	3,417,661	8,828,439	16,421,914
Disposals (-)	(4,338,886)	(1,890,565)	(934,927)	(7,164,378)
Debt Sales (-)	-	-	(189,978)	(189,978)
Write-offs (-)	-	-	(7,747,736)	(7,747,736)
Transfer to Stage 1	1,899,996	(1,897,108)	(2,888)	-
Transfer to Stage 2	(411,968)	479,414	(67,446)	-
Transfer to Stage 3	(7,512)	(459,731)	467,243	-
Foreign Currency Differences	178,589	2,261,784	1,080,732	3,521,105
Balances at End of Period	3,946,383	15,591,717	12,047,507	31,585,607

<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	1,980,761	8,168,781	9,119,265	19,268,807
Additions during the Period (+)	4,043,018	8,524,124	2,769,096	15,336,238
Disposals (-)	(4,719,333)	(4,810,007)	(1,424,296)	(10,953,636)
Debt Sales (-)	-	-	(613,049)	(613,049)
Write-offs (-)	-	-	(3,285,943)	(3,285,943)
Transfer to Stage 1	1,684,974	(1,683,198)	(1,776)	-
Transfer to Stage 2	(666,439)	815,373	(148,934)	-
Transfer to Stage 3	(18,157)	(1,357,192)	1,375,349	-
Foreign Currency Differences	145,526	4,022,381	2,824,356	6,992,263
Balances at End of Period	2,450,350	13,680,262	10,614,068	26,744,680

5.1.5.12 *Liquidation policy for uncollectible loans and 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”.

5.1.5.13 *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**

None.

5.1.7 **Financial assets measured at amortised cost**

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

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Collateralised/Blocked Investments	15,331,072	12,569,017	17,046,913	16,002,062
Investments subject to Repurchase Agreements	10,626,313	386,852	4,014,558	1,175,157
Total	25,957,385	12,955,869	21,061,471	17,177,219

5.1.7.2 *Government securities measured at amortised cost*

	<i>Current Period</i>	<i>Prior Period</i>
Government Bonds	71,063,956	39,826,467
Treasury Bills	175,206	135,878
Other Government Securities	-	-
Total	71,239,162	39,962,345

5.1.7.3 *Financial assets measured at amortised cost*

	<i>Current Period</i>	<i>Prior Period</i>
Debt Securities	63,811,630	34,272,288
Quoted at Stock Exchange	61,039,899	32,093,774
Unquoted at Stock Exchange	2,771,731	2,178,514
Valuation Increase/(Decrease)	10,051,167	7,753,036
Total	73,862,797	42,025,324

5.1.7.4 Movement of financial assets measured at amortised cost

	<i>Current Period</i>	<i>Prior Period</i>
Balances at Beginning of Period	42,025,324	34,341,219
Foreign Currency Differences On Monetary Assets	7,962,341	8,939,724
Purchases during the Period	23,774,582	538,393
Disposals through Sales/Redemptions	(2,197,581)	(3,976,018)
Valuation Effect	2,298,131	2,182,006
Balances at End of Period	73,862,797	42,025,324

5.1.7.5 Expected credit loss for financial assets measured at amortised cost

<i>Current Period</i>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
Balances at End of Prior Period	51,513	-	-	51,513
Additions during the Period (+)	133,182	-	-	133,182
Disposal (-)	(6,756)	-	-	(6,756)
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Foreign Currency Differences	16,843	-	-	16,843
Balances at End of Period	194,782	-	-	194,782

<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	177,816	-	-	177,816
Additions during the Period (+)	7,437	-	-	7,437
Disposal (-)	(149,413)	-	-	(149,413)
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Foreign Currency Differences	15,673	-	-	15,673
Balances at End of Period	51,513	-	-	51,513

5.1.8 Assets held for sale and assets of discontinued operations

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

	<i>Current Period</i>	<i>Prior Period</i>
End of Prior Period		
Cost	542,860	779,713
Accumulated Depreciation (-)	(10,213)	(11,680)
Net Book Value	532,647	768,033
End of Current Period		
Additions	130,583	202,565
Disposals (Cost)	(178,874)	(462,615)
Disposals (Accumulated Depreciation)	1,563	1,467
Impairment Losses	1,096	23,197
Depreciation Expense for Current Period (-)	-	-
Cost	495,665	542,860
Accumulated Depreciation (-)	(8,650)	(10,213)
Net Book Value	487,015	532,647

5.1.8.2 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.

5.1.9 Investments in associates

5.1.9.1 Investments in associates

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

	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	21,369	12,963	4,760	222	3	1,982	1,287	-
2	523,295	425,003	102,640	12,822	-	53,059	27,999	-
3	2,451,695	251,330	11,685	7,464	1,116	22,085	30,572	-
4	51,378,119	3,515,863	137,934	220,580	46,011	282,254	217,507	-
5	48,592,331	6,073,643	630,443	348,746	-	1,754,959	1,242,390	-
6	640,044	144,049	327,673	6,577	320	16,137	14,770	-
7	2,496,216,496	65,962,045	925,593	121,429,271	10,201,824	57,483,159	34,497,932	-
8	1,282,376	980,197	20,547	87,519	-	199,221	157,125	-
9	104,324	86,888	31,176	4,486	-	58,825	2,467	-
10	60,080	56,943	3,026	1,872	-	4,570	895	-

(1) Financial information is as of 31 March 2022.

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

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

5.1.9.2 Movement of investments in associates

	Current Period	Prior Period
Balance at Beginning of Period	47,221	45,780
Movements during the Period	480	1,441
Acquisitions	-	-
Bonus Shares Received	828	-
Dividends from Current Year Profit	-	-
Sales	-	-
Increase in Market Values	-	-
Impairment Reversals/(Losses)	(348)	1,441
Balance at End of Period	47,701	47,221
Capital Commitments	-	-
Share Percentage at the End of Period (%)	-	-

5.1.9.3 Sectoral distribution of investments and associates

Investments in Associates	Current Period	Prior Period
Banks	25,557	25,557
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	10,101
Other Associates	22,144	11,563

5.1.9.4 Quoted associates

None.

5.1.9.5 Valuation methods of investments in associates

Investments in Associates	Current Period	Prior Period
Valued at Cost	47,701	47,221
Valued at Fair Value	-	-

5.1.9.6 Investments in associates sold during the current period

None.

5.1.9.7 Investments in associates acquired during the current period

None.

5.1.10 Investments in subsidiaries

5.1.10.1 Information on capital adequacy of major subsidiaries

The Bank does not have any capital needs for its subsidiaries included in the calculation of its consolidated capital adequacy standard ratio. Information on capital adequacy of major subsidiaries is presented below.

<i>Current Period</i>	Garanti Bank International NV	Garanti Holding BV	Garanti Finansal Kiralama AŞ	Garanti Emeklilik ve Hayat AŞ	Garanti Yatırım Menkul Kıymetler AŞ
COMMON EQUITY TIER I CAPITAL					
Paid-in Capital to be Entitled for Compensation after All Creditors	2,373,525	7,597,608	357,848	517,159	13,750
Share Premium	-	224,592	-	-	-
Share Cancellation Profits	-	-	-	-	-
Legal Reserves	1,303,536	(715,689)	952,933	(526,544)	-
Other Comprehensive Income according to TAS	7,073,345	4,780	-	(9,749)	-
Current and Prior Periods' Profits	297,478	362,864	1,720,852	429,139	486,827
Minority interest	-	-	-	-	46,863
Common Equity Tier I Capital Before Deductions	11,047,884	8,905,533	3,031,633	1,463,093	1,554,421
Deductions From Common Equity Tier I Capital					
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	88,723	2,124,833	1,949	3,149	1,018
Leasehold Improvements on Operational Leases (-)	-	557	-	604	1,604
Goodwill and Other Intangible Assets and Related Deferred Taxes (-)	84,638	911,989	17,756	37,756	6,073
Net Deferred Tax Asset/Liability (-)	-	-	-	-	-
Total Deductions from Common Equity Tier I Capital	173,361	3,037,379	19,705	41,509	8,695
Total Common Equity Tier I Capital	10,874,523	5,868,154	3,011,928	1,421,584	1,545,726
Total Deductions From Tier I Capital	-	-	-	-	-
Total Tier I Capital	10,874,523	5,868,154	3,011,928	1,421,584	1,545,726
TIER II CAPITAL	-	173,104	-	-	-
TOTAL CAPITAL	10,874,523	6,041,258	3,011,928	1,421,584	1,545,726

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

5.1.10.2 Investments in subsidiaries

	Subsidiary	Address (City/ Country)	Bank's Share – If Different, Voting Rights (%)	Bank's Risk Group Share (%)
1	Garanti Bilişim Teknolojisi Ve Tic. T.A.Ş.	Istanbul/Turkey	100.00	100.00
2	Garanti Ödeme Sistemleri A.Ş.	Istanbul/Turkey	99.96	100.00
3	Garanti Hizmet Yönetimi A.Ş.	Istanbul/Turkey	100.00	100.00
4	Garanti Kültür A.Ş.	Istanbul/Turkey	100.00	100.00
5	Garanti Konut Finansmanı Danışmanlık Hizmetleri A.Ş.	Istanbul/Turkey	100.00	100.00
6	Garanti Finansal Kiralama A.Ş.	Istanbul/Turkey	100.00	100.00
7	Garanti Faktoring A.Ş.	Istanbul/Turkey	81.84	81.84
8	Garanti Yatırım Menkul Kıymetler A.Ş.	Istanbul/Turkey	100.00	100.00
9	Garanti Portföy Yönetimi A.Ş.	Istanbul/Turkey	100.00	100.00
10	Garanti Emeklilik A.Ş.	Istanbul/Turkey	84.91	84.91
11	Garanti Bank International Nv	Amsterdam/the Netherlands	100.00	100.00
12	Garanti Holding Bv	Amsterdam/the Netherlands	100.00	100.00
13	Garanti Yazılım Teknolojileri A.Ş.	Istanbul/Turkey	50.00	100.00

Financial data presented in the table below is as of 30 June 2022.

	Total Assets	Shareholders' Equity	Total Fixed Assets (*)	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value
1	15,138	14,984	-	-	-	-850	8,196	-
2	102,407	64,919	389	4,291	-	23,492	7,854	-
3	-	-	-	-	-	-	-	-
4	4,917	2,019	659	-	-	54	26	-
5	5,317	3,754	-	337	-	-248	531	-
6	13,693,031	3,093,128	24,185	569,991	-	730,542	391,165	-
7	4,792,227	480,454	17,131	496,445	-	135,249	64,995	-
8	3,445,024	1,509,151	30,622	51,431	52,191	488,601	317,033	-
9	286,453	225,878	2,709	16,031	413	59,337	31,254	-
10	3,584,730	1,459,944	41,740	163,949	82,601	428,716	308,966	-
11	74,014,815	10,966,034	614,754	700,809	-	297,481	86,766	-
12	6,813,010	6,812,459	-	-	-	(676)	(85)	-
13	9,597	10,000	-	6	-	(403)	-	-

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

5.1.10.3 Movement of investments in subsidiaries

	<i>Current Period</i>	<i>Prior Period</i>
Balances at Beginning of Period	19,922,934	11,806,518
Movements during the Period	3,457,757	8,116,416
Acquisitions (*)	5,001	547,841
Bonus Shares Received	-	-
Earnings from Current Year Profit	2,394,830	2,461,634
Sales/Liquidations	-	-
Reclassification of Shares	-	-
Increase/(Decrease) in Market Values	(1,332,679)	(304,615)
Currency Differences on Foreign Subsidiaries	2,390,605	5,411,556
Impairment Reversals/(Losses)	-	-
Balance at End of Period	23,380,691	19,922,934
Capital Commitments	-	-
Share Percentage at the End of Period (%)	-	-

(*) The Bank has decided to establish a new company titled Garanti Yazılım Teknolojileri A.Ş. which is an incorporated company using registered capital system with total capital amounting to TL 10,000 with Garanti Ödeme Sistemleri A.Ş. as 50%-50% shareholders in order to operate in payment systems and electronic money issuance. The Bank has participated to this new company as a founding shareholder in exchange for 5,000,000 number of shares with a nominal value of TL 1 (full amount). In addition, the Bank has purchased 120,000 number of shares representing 0.02% of Garanti Ödeme Sistemleri A.Ş.' capital with a nominal value of TL 1 from Garanti Kültür A.Ş. in exchange for TL 1.

5.1.10.4 Sectoral distribution of investments in subsidiaries

Subsidiaries	<i>Current Period</i>	<i>Prior Period</i>
Banks	10,937,959	9,177,916
Insurance Companies	1,239,856	1,220,282
Factoring Companies	393,182	282,948
Leasing Companies	3,091,142	2,360,096
Finance Companies	7,627,983	6,818,464
Other Subsidiaries	90,569	63,228

5.1.10.5 Quoted consolidated investments in subsidiaries

	<i>Current Period</i>	<i>Prior Period</i>
Quoted at Domestic Stock Exchange	393,182	282,948
Quoted at Foreign Stock Exchange	-	-

5.1.10.6 Valuation methods of investments in subsidiaries

Subsidiaries	<i>Current Period</i>	<i>Prior Period</i>
Valued at Cost	-	-
Valued at Fair Value (*)	23,380,691	19,922,934

(*) The balances are as per the results of equity accounting application.

5.1.10.7 Investments in subsidiaries disposed during the current period

None.

5.1.10.8 Investments in subsidiaries acquired during the current period

None.

5.1.11 Investments in Joint-Ventures

None.

5.1.12 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”.

5.1.13 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”.

5.1.14 Investment property

	<i>Current Period</i>	<i>Prior Period</i>
Net Book Value at Beginning Period	814,148	704,701
Additions	-	-
Disposals	(119,207)	(23,930)
Transfers	-	68,660
Fair Value Change	685,467	64,717
Net Book Value at End of Period	1,380,408	814,148

The investment property is held for operational leasing purposes. The Bank account its 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.

5.1.15 Deferred tax asset

As of 30 June 2022, the Bank has a deferred tax asset of TL 6,069,890 (31 December 2021: TL 4,226,924) calculated as the net amount remaining after netting of tax deductible timing differences and taxable timing differences.

As of 30 June 2022, the Bank has a deferred tax asset of TL 9,027,726 (31 December 2021: TL 6,675,223) 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 with a deferred tax liability of TL 2,957,836 (31 December 2021: TL 2,448,299) 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 such differences are related with certain items on the shareholders’ equity accounts, the deferred taxes are charged or credited directly to these accounts.

	<i>Current Period</i>		<i>Prior Period</i>	
	Tax Base	Deferred Tax Amount	Tax Base	Deferred Tax Amount
Provisions (*)	2,466,191	614,766	8,803,115	1,991,054
Stages 1&2 Credit Losses	22,212,231	5,396,646	17,663,098	3,626,623
Differences between the Carrying Values and Taxable Values of Financial Assets (**)	1,675,702	523,450	(5,866,523)	(1,305,186)
Revaluation Differences on Real Estates	(4,359,305)	(650,861)	(2,440,508)	(298,948)
Other	705,042	185,889	894,465	213,381
Deferred Tax Asset	22,699,861	6,069,890	19,053,647	4,226,924

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

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

5.1.16 Other Assets

	<i>Current Period</i>		<i>Prior Period</i>	
	TP	YP	TP	YP
Derivative Financial Assets (Derivative Guarantees)	718,227	4,071,329	720,637	4,439,594
Receivables From Clearing Transactions	10,276,491	145,625	7,015,825	58,404
Prepaid Expenses	5,517,170	1,510	3,005,409	1,875
Cash Guarantees Given	14,888	2,135,880	14,077	1,448,885
Receivables From Forward Sale of Assets	65,137	0	105,137	-
Other	8,128,219	664,863	1,156,684	259,535
Total	24,720,132	7,019,207	12,017,769	6,208,293

5.2 Liabilities

5.2.1 Maturity profile of deposits

Current Period	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	40,678,732	-	8,856,560	100,440,266	7,728,533	2,075,501	4,851,255	1,245	164,632,092
Foreign Currency Deposits	208,159,191	-	22,795,206	94,515,348	3,696,617	1,317,436	3,747,814	49,996	334,281,608
Residents in Turkey	198,106,860	-	22,513,518	90,557,735	3,361,605	979,953	2,274,221	49,141	317,843,033
Residents in Abroad	10,052,331	-	281,688	3,957,613	335,012	337,483	1,473,593	855	16,438,575
Public Sector Deposits	3,026,505	-	5,030	32,003	740	9	-	-	3,064,287
Commercial Deposits	29,541,272	-	24,246,845	10,721,675	19,204,304	15,870,177	2,629,211	-	102,213,484
Other	561,936	-	975,139	1,674,723	54,918	2,271,779	1,451,965	-	6,990,460
Precious Metal Deposits	36,765,070	-	-	320,762	306,416	38,749	715,350	-	38,146,347
Bank Deposits(*)	8,837,505	-	514,179	-	-	696	2,952	-	9,355,332
Central Bank of Turkey	994,744	-	-	-	-	-	-	-	994,744
Domestic Banks	8,472	-	-	-	-	-	-	-	8,472
Foreign Banks	1,096,639	-	514,179	-	-	696	2,952	-	1,614,466
Special Financial Institutions	6,737,650	-	-	-	-	-	-	-	6,737,650
Other	-	-	-	-	-	-	-	-	-
Total(**)	327,570,211	-	57,392,959	207,704,777	30,991,528	21,574,347	13,398,547	51,241	658,683,610

Prior Period	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	30,527,615	-	6,102,484	58,157,604	7,071,367	1,745,707	3,622,706	1,376	107,228,859
Foreign Currency Deposits	176,416,061	-	17,903,117	95,615,803	2,247,038	2,527,816	3,733,894	47,644	298,491,373
Residents in Turkey	169,327,870	-	17,612,374	92,076,118	1,946,446	2,172,884	2,472,061	47,002	285,654,755
Residents in Abroad	7,088,191	-	290,743	3,539,685	300,592	354,932	1,261,833	642	12,836,618
Public Sector Deposits	1,860,052	-	505,436	37,023	1,164	3,655	-	-	2,407,330
Commercial Deposits	17,748,135	-	28,661,511	10,678,166	291,048	995,198	2,316,373	-	60,690,431
Other	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(*)	1,764,449	-	288,057	71,682	-	-	2,569	-	2,126,757
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	12,566	-	1,171	-	-	-	-	-	13,737
Foreign Banks	628,737	-	286,886	71,682	-	-	2,569	-	989,874
Special Financial Institutions	1,123,146	-	-	-	-	-	-	-	1,123,146
Other	-	-	-	-	-	-	-	-	-
Total(**)	260,464,055	-	54,476,487	167,422,305	10,040,196	6,090,162	14,697,332	49,020	513,239,557

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

(**) As of 30 June 2022, the Bank has a total of TL 111,379,753 TL (31 December 2021: 7,547,261 TL) foreign exchange-protected deposit instrument of which TL 51,954,588 TL (31 December 2021: 180,250 TL) 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 59,425,165 TL (31 December 2021: 7,367,011 TL) 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 7,119,273 TL (31 December 2021: 806,578 TL) 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	67,757,242	47,996,031	93,033,828	57,884,483
Foreign Currency Saving Deposits	49,906,861	38,768,676	163,028,569	148,542,962
Other Saving Deposits	15,844,830	11,769,763	20,698,010	18,436,756
Foreign Branches' Deposits Under Foreign Insurance Coverage	2,612,704	2,167,033	190	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

	Current Period	Prior Period
Deposits and Other Accounts held at Foreign Branches	33,851	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	153,256	198,731
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

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	-	-
Domestic Banks and Institutions	946,631	965,065	1,119,813	1,945,707
Foreign Banks, Institutions and Funds	-	38,930,483	-	33,747,719
Total	946,631	39,895,548	1,119,813	35,693,426

5.2.2.1 Maturities of funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	839,683	369,009	948,797	470,486
Medium and Long-Term	106,948	39,526,539	171,016	35,222,940
Total	946,631	39,895,548	1,119,813	35,693,426

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

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Domestic Transactions	25,445,011	-	7,402,848	-
Financial Institutions and Organizations	25,418,863	-	7,376,780	-
Other Institutions and Organizations	7,393	-	7,613	-
Individuals	18,755	-	18,455	-
Foreign Transactions	24	1,245,365	79	2,226,671
Financial Institutions and Organizations	-	1,245,365	-	2,226,671
Other Institutions and Organizations	-	-	-	-
Individuals	24	-	79	-
Total	25,445,035	1,245,365	7,402,927	2,226,671

5.2.4 Securities issued

<i>Current Period</i>	TL		FC	
	Short-Term	Medium and Long-Term	Short-Term	Medium and Long-Term
Nominal	-	1,832,390	160,920	23,547,620
Cost	-	1,788,319	160,920	23,418,841
Carrying Value (*)	-	769,858	161,569	20,798,039

(*) The Bank repurchased its own TL securities with a total face value of TL 1,090,320 and foreign currency securities with a total face value of USD 183,755,000 and netted off such securities in the accompanying financial statements.

<i>Prior Period</i>	TL		FC	
	Short-Term	Medium and Long-Term	Short-Term	Medium and Long-Term
Nominal	4,139,890	2,361,088	-	18,671,035
Cost	4,010,234	2,317,017	-	18,568,545
Carrying Value (*)	4,089,879	1,256,203	-	16,496,903

(*) The Bank repurchased its own TL securities with a total face value of TL 1,090,320 and foreign currency securities with a total face value of USD 183,255,000 and netted off such securities in the accompanying financial statements.

5.2.5 Financial liabilities measured at fair value through profit/loss

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC		
Funds Borrowed	-	25,093,602	-	24,035,836
Total	-	25,093,602	-	24,035,836

In accordance with TFRS 9, the Bank classified a part of borrowings obtained through securitisations amounting to USD 1,958,232,143 (31 December 2021: USD 2,112,303,572) as financial liability at fair value through profit/loss at the initial recognition in order to eliminate the accounting mismatch.

As of 30 June 2022, the accumulated fair value change of the related financial liabilities amounted to TL 7,570,846 (31 December 2021: TL 3,769,054) and the corresponding gains/losses recognised in the statement of profit/loss mounted to TL 3,801,792 (31 December 2021: TL 2,503,587). The carrying value of the related financial liability amounted to TL 25,093,602 (31 December 2021: TL 24,035,836).

5.2.6 Derivative financial liabilities

5.2.6.1 Negative differences on derivative financial liabilities measured at FVTPL

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Forward Transactions	1,071,044	67,619	1,874,549	33,679
Swap Transactions	5,575,723	10,876,619	4,896,529	5,336,853
Futures	-	-	-	933
Options	173,920	70,371	126,302	29,685
Others	-	-	-	-
Total	6,820,687	11,014,609	6,897,380	5,401,150

5.2.6.2 Derivative financial liabilities held for hedging purpose

Derivative Financial Liabilities held for Hedging Purpose	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Fair Value Hedges	-	5,752	-	383,098
Cash Flow Hedges	736	2,971	41,211	239,907
Net Foreign Investment Hedges	-	-	-	-
Total	736	8,723	41,211	623,005

5.2.7 Lease liabilities (Net)

5.2.7.1 Operational lease liabilities

	<i>Current Period</i>		<i>Prior Period</i>	
	Gross	Net	Gross	Net
Up to 1 Year	397,561	271,632	313,080	210,706
1-4 Years	761,572	520,341	642,913	432,687
More than 4 Years	327,055	223,459	316,054	212,707
Total	1,486,188	1,015,432	1,272,047	856,100

As of 30 June 2022, the weighted average of the incremental borrowing interest rates applied to TL, EUR and USD lease liabilities presented in the statement of financial position of the Bank are 20.1%, 2.2% and 3.8% (31 December 2021: 18.8%, 2.3% and 6.9%) respectively.

5.2.8 Provisions

5.2.8.1 Reserve for employee severance indemnity

	<i>Current Period</i>	<i>Prior Period</i>
Balances at Beginning of Period	912,449	738,465
Provision for the Period	121,235	147,769
Actuarial Gain/Loss	-	76,377
Payments During the Period	(34,871)	(50,162)
Balances at End of Period	998,813	912,449

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

None (31 December 2021: None).

5.2.8.3 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”.

5.2.8.4 Other provisions

	<i>Current Period</i>	<i>Prior Period</i>
Reserve for Employee Benefits	1,994,029	1,825,807
Provision for Promotion Expenses of Credit Cards	350,316	270,419
Provision for Lawsuits	431,322	415,219
Provision for Non-Cash Loans	3,984,821	2,892,018
Other Provisions (*)	7,654,708	7,637,375
Total	14,415,196	13,040,838

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

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.

	<i>31 December 2021</i>	<i>31 December 2020</i>
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)=(5))	3,360,883	3,546,713

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

	<i>31 December 2021</i>	<i>31 December 2020</i>
Balance at Beginning of Period	-	-
Actual contributions paid during the period	(160,523)	(127,520)
Total expense recognized in the statement of profit or loss	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:

	<i>31 December 2021</i>	<i>31 December 2020</i>
	%	%
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 are as follow:

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 rate +0.5%	-	10.00	4.70
Medical inflation rate -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

5.2.9 Tax liability

5.2.9.1 Current tax liability

5.2.9.1.1 Tax liability

As of 30 June 2022, the corporate tax liability amounts to TL 572,009 (31 December 2021: TL 1,911,428) after offsetting with prepaid taxes. If the differences arising between the book value and the tax base value of the assets subject to the current tax liability are related to the shareholders' equity account group, the current tax asset or liability is netted off by the relevant accounts in this group.

As of June 2022, TL 6,955,144 of total current period tax expense amounting to TL 10,297,904 has been classified in the statement of profit or loss and TL 3,342,760 (31 December 2021: None) has been classified in equity.

5.2.9.1.2 Taxes payable

	<i>Current Period</i>	<i>Prior Period</i>
Corporate Taxes Payable	572,009	1,911,428
Taxation on Securities Income	108,589	126,239
Taxation on Real Estates Income	5,537	8,644
Banking Insurance Transaction Tax	430,625	349,311
Foreign Exchange Transaction Tax	53,765	115,529
Value Added Tax Payable	48,998	55,560
Others	112,060	81,568
Total	1,331,583	2,648,279

5.2.9.1.3 Premiums

	<i>Current Period</i>	<i>Prior Period</i>
Social Security Premiums-Employees	214	138
Social Security Premiums-Employer	262	170
Bank Pension Fund Premium-Employees	621	439
Bank Pension Fund Premium-Employer	1,000	620
Pension Fund Membership Fees and Provisions-Employees	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Unemployment Insurance-Employees	3,543	2,212
Unemployment Insurance-Employer	7,153	4,470
Others	88	47
Total	12,881	8,096

5.2.9.2 Deferred tax liability

As of balance sheet date, the Bank has no deferred tax liability. (31 December 2021: None).

5.2.10 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".

5.2.11 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”.

5.2.12 Other liabilities

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Payables from credit card transactions	28,754,509	468,814	21,172,969	207,755
Payables from clearing transactions	9,142,032	25,638	5,372,202	11,262
Other	2,924,623	7,418,741	2,421,074	3,724,852
Total	40,821,164	7,913,193	28,966,245	3,943,869

5.2.13 Shareholders’ equity

5.2.13.1 *Paid-in capital*

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

5.2.13.2 *Registered share capital system*

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

5.2.13.3 *Capital increases in current period*

None.

5.2.13.4 *Capital increases from capital reserves in current period*

None.

5.2.13.5 *Capital commitments for current and future financial periods*

None.

5.2.13.6 *Possible effect of estimations made for the parent bank’s revenues, profitability and liquidity on equity considering prior period indicators and uncertainties*

None.

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

None.

5.2.13.8 Securities value increase fund

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Investments in Associates, Subsidiaries and Joint-Ventures	13,278,490	(348,007)	10,849,361	238,897
Valuation difference	13,278,490	(348,007)	10,849,361	238,897
Exchange rate difference	-	-	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	11,438,058	(1,673,639)	1,589,422	(826,320)
Valuation difference	11,177,872	(1,673,639)	1,427,799	(826,320)
Exchange rate difference	260,187	-	161,623	-
Total	24,716,548	(2,021,646)	12,438,783	(587,423)

5.2.13.9 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	337,009	14,154	232,119	47,950
Real Estates	2,769,398	166,892	1,719,852	143,155
Defined Benefit Plans' Actuarial Gains/Losses	(387,562)	-	(413,401)	-
Other	(6,635)	-	(6,747)	-
Total	2,712,210	181,046	1,531,823	191,105

5.2.13.10 Bonus shares of associates, subsidiaries and joint-ventures

	<i>Current Period</i>	<i>Prior Period</i>
Bankalararası Kart Merkezi A.Ş.	5,781	5,781
Garanti Yatırım Menkul Değerler AŞ	942	942
Yeni Gimat Gayrimenkul Yatırım Ortaklığı A.Ş.	860	-
JCR Avrasya Derecelendirme A.Ş.	829	-
Kredi Kayıt Bürosu AŞ	481	481
Garanti Ödeme Sistemleri AŞ	401	401
Kömür İşletmeleri A.Ş.	45	-
Doğuş Gayrimenkul Yatırım Ortaklığı AŞ	22	22
Yatırım Finansman Menkul Değerler AŞ	9	9
Dati Yatırım Holding A.Ş.	7	7
Total	9,377	7,643

5.2.13.11 Legal reserves

	<i>Current Period</i>	<i>Prior Period</i>
I. Legal Reserve	961,534	961,534
II. Legal Reserve	654,953	545,220
Special Reserves	-	-
Total	1,616,487	1,506,754

5.2.13.12 Extraordinary reserves

	<i>Current Period</i>	<i>Prior Period</i>
Legal reserves that was allocated to be in compliance with the decisions made on the Annual General Assembly	61,526,682	49,812,325

5.3 Off-Balance Sheet Items

5.3.1 Off-balance sheet contingencies

5.3.1.1 Irrevocable credit commitments

The Bank has term asset purchase and sale commitments of TL 57,989,235 (31 December 2021: TL 19,275,698), commitments for cheque payments of TL 5,295,944 (31 December 2021: TL 3,956,330) and commitments for credit card limits of TL 79,925,712 (31 December 2021: TL 61,609,747).

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

	Current Period	Prior Period
Letters of Guarantee in Foreign Currency	70,460,831	57,782,766
Letters of Guarantee in TL	65,531,514	44,007,746
Letters of Credit	32,124,722	23,175,354
Bills of Exchange and Acceptances	3,603,784	2,751,737
Endorsements	1,827,338	1,128,961
Other Guarantees	145,802	159,274
Total	173,693,991	129,005,838

Expected losses for non-cash loans and irrevocable commitments

	Stage 1	Stage 2	Stage 3	Total
Current Period				
Balances at Beginning of Period	515,863	1,049,091	1,327,064	2,892,018
Additions during the Period (+)	753,868	823,923	82,773	1,660,564
Disposals (-)	(628,759)	(294,198)	(143,040)	(1,065,997)
Sales (-)	-	-	-	-
Write-offs (-)	-	-	-	-
Transfer to Stage 1	314,604	(314,360)	(244)	-
Transfer to Stage 2	(66,576)	85,992	(19,416)	-
Transfer to Stage 3	(100)	(25,560)	25,660	-
Foreign Currency Differences	49,972	158,895	289,369	498,236
Provisions at End of Period	938,872	1,483,783	1,562,166	3,984,821

	Stage 1	Stage 2	Stage 3	Total
Prior Period				
Balances at Beginning of Period	536,508	831,210	809,936	2,177,654
Additions during the Period (+)	756,480	724,284	205,964	1,686,728
Disposals (-)	(984,269)	(595,453)	(180,207)	(1,759,929)
Sales (-)	-	-	-	-
Write-offs (-)	-	-	-	-
Transfer to Stage 1	195,338	(194,707)	(631)	-
Transfer to Stage 2	(52,749)	53,482	(733)	-
Transfer to Stage 3	(142)	(31,559)	31,701	-
Foreign Currency Differences	64,697	261,834	461,034	787,565
Provisions at End of Period	515,863	1,049,091	1,327,064	2,892,018

Lifetime expected credit loss (Stage 3) of TL 2,325,281 (31 December 2021: TL 2,002,246) is made for unliquidated non-cash loans of TL 1,562,166 (31 December 2021: TL 1,327,064) 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	28,796,006	20,797,645
With Original Maturity of 1 Year or Less	6,794,946	2,948,430
With Original Maturity of More Than 1 Year	22,001,060	17,849,215
Other Non-Cash Loans	144,897,985	108,208,193
Total	173,693,991	129,005,838

5.3.1.4 Sectoral risk concentration of 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 Stage 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 Statement of Profit or Loss

5.4.1 Interest income

5.4.1.1 Interest income from loans (*)

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest income received from loans				
Short-term loans	13,529,311	800,796	6,529,840	303,507
Medium and long-term loans	14,490,770	3,992,995	9,493,997	2,353,443
Loans under follow-up	378,803	6,191	291,258	73,901
Premiums Received from Resource Utilization Support Fund	-	-	-	-
Total	28,398,884	4,799,982	16,315,095	2,730,851

(*) Includes also the fee and commission income on cash loans

5.4.1.2 Interest income from banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of Turkey	-	575	-	-
Domestic Banks	3,915	424	11,602	218
Foreign Banks	2,308	66,668	2,500	12,543
Foreign Head Offices and Branches	-	-	-	-
Total	6,223	67,667	14,102	12,761

5.4.1.3 Interest income from securities portfolio

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets Measured at Fair Value through Profit or Loss	34,735	20,855	35,722	18,845
Financial Assets Measured at Fair Value through Other Comprehensive Income	5,006,625	347,606	1,793,800	179,736
Financial Assets Measured at Amortised Cost	4,029,211	761,005	1,650,902	230,542
Total	9,070,571	1,129,466	3,480,424	429,123

As disclosed in the accounting policies, the Bank values CPI-indexed government bonds in its securities portfolio according to the reference index on the issue date and the index that is calculated according to the expected inflation rate. The inflation rate used during the valuation is being updated during the year when it is considered necessary. As of 30 June 2022, the valuation of such securities has been calculated according to the annual inflation forecast of 45%. In case the CPI forecast increases or decreases by 1%, profit before taxes as of 30 June 2022 will increase or decrease by approximately TL 108 million (full amount).

5.4.1.4 Interest income received from associates and subsidiaries

	Current Period	Prior Period
Interest Received from Investments in Associates and Subsidiaries	254,805	183,361

5.4.2 Interest Expenses

5.4.2.1 Interest expenses on funds borrowed (*)

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Banks	82,789	452,754	85,368	241,487
Central Bank of Turkey	-	-	32,613	689
Domestic Banks	82,789	23,614	52,755	13,727
Foreign Banks	-	429,140	-	227,071
Foreign Head Offices and Branches	-	-	-	-
Other Institutions	-	571,716	-	321,886
Total	82,789	1,024,470	85,368	563,373

(*) Also includes the fee and commission expenses on borrowings.

5.4.2.2 Interest expenses paid to associates and subsidiaries

	<i>Current Period</i>	<i>Prior Period</i>
Interest Paid to Investments in Associates and Subsidiaries	289,654	220,781

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

<i>Current Period</i>	Account Description	Demand Deposits	Time Deposits					Accumulating Deposit Accounts	Total
			Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over		
Turkish Lira									
	Bank Deposits	1,631	19,348	-	-	-	-	-	20,979
	Saving Deposits	-	325,830	6,204,402	606,566	119,981	303,057	-	7,559,836
	Public Sector Deposits	-	1,032	3,197	57	105	-	-	4,391
	Commercial Deposits	-	1,704,766	1,002,660	1,151,500	1,115,867	233,467	-	5,208,260
	Other	-	84,863	176,159	29,018	187,405	188,845	-	666,290
	“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
	Total TL	1,631	2,135,839	7,386,418	1,787,141	1,423,358	725,369	-	13,459,756
Foreign Currency									
	Foreign Currency Deposits	2	11,155	109,876	3,339	7,265	25,689	107	157,433
	Bank Deposits	-	579	-	-	-	-	-	579
	“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
	Precious Metal Deposits	-	-	213	3	5	160	-	381
	Total FC	2	11,734	110,089	3,342	7,270	25,849	107	158,393
	Grand Total	1,633	2,147,573	7,496,507	1,790,483	1,430,628	751,218	107	13,618,149

Prior Period	Demand Deposits	Time Deposits					Accumulating Deposit Accounts	Total
		Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over		
Turkish Lira								
Bank Deposits	6,480	47,292	-	-	-	-	-	53,772
Saving Deposits	-	209,379	4,790,441	244,711	86,636	175,864	-	5,507,031
Public Sector Deposits	-	2,048	2,769	53	-	-	-	4,870
Commercial Deposits	-	1,230,322	1,106,142	48,011	71,419	89,215	-	2,545,109
Other	-	35,537	108,333	7,464	79,270	343,370	-	573,974
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Total TL	6,480	1,524,578	6,007,685	300,239	237,325	608,449	-	8,684,756
Foreign Currency								
Foreign Currency Deposits	1	22,565	156,647	13,404	12,069	22,346	87	227,119
Bank Deposits	-	32	-	-	-	-	-	32
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	-	-	1	249	-	250
Total FC	1	22,597	156,647	13,404	12,070	22,595	87	227,401
Grand Total	6,481	1,547,175	6,164,332	313,643	249,395	631,044	87	8,912,157

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 Interest expense on lease 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”.

5.4.2.6.2 Operational 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”.

5.4.4 Trading income/losses

	<i>Current Period</i>	<i>Prior Period</i>
Income	177,728,993	98,368,110
Trading Account Income	4,380,805	2,134,765
Gains from Derivative Financial Instruments	28,216,731	9,888,822
Foreign Exchange Gains	145,131,457	86,344,523
Losses (-)	172,589,746	99,636,266
Trading Account Losses	457,358	1,459,688
Losses from Derivative Financial Instruments	47,338,413	10,973,809
Foreign Exchange Losses	124,793,975	87,202,769
Total	5,139,247	(1,268,156)

TL 15,700,011 (30 June 2021: TL 2,256,971) of foreign exchange gains and TL 6,926,863 (30 June 2021: TL 6,255,480) of foreign exchange losses are resulted from the exchange rate changes of derivative financial transactions.

5.4.5 Other operating income

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

	<i>Current Period</i>	<i>Prior Period</i>
Reversal of Prior Years’ Provisions	5,696,223	4,510,995
Stage 1 Provisions	3,064,519	2,378,277
Stage 2 Provisions	1,390,082	1,238,138
Stage 3 Provisions	1,036,521	863,990
Others	205,101	30,590
Revenues from Sale of Assets	379,536	104,259
Others	1,153,345	169,458
Total	7,229,104	4,784,712

5.4.6 Expected credit losses and other provisions

	<i>Current Period</i>	<i>Prior Period</i>
Expected Credit Losses	12,420,827	7,649,836
12-Month ECL (Stage 1)	4,175,585	1,399,956
Lifetime ECL Significant Increase in Credit Risk (Stage 2)	5,130,734	3,937,833
Lifetime ECL Impaired Credits (Stage 3)	3,114,508	2,312,047
Other Provisions	2,094,063	2,076,152
Impairment Losses on Securities	110	5,076
<i>Financial Assets Measured at Fair Value through Profit/Loss</i>	110	84
<i>Financial Assets Measured at Fair Value through Other Comprehensive Income</i>	-	4,992
Impairment Losses on Associates, Subsidiaries and Joint-ventures	373	-
<i>Associates</i>	373	-
<i>Subsidiaries</i>	-	-
<i>Joint-ventures</i>	-	-
Others (*)	2,093,580	2,071,076
Total	14,514,890	9,725,988

5.4.7 Other operating expenses

	<i>Current Period</i>	<i>Prior Period</i>
Reserve for Employee Termination Benefits	121,235	79,764
Defined Benefit Obligation	-	-
Impairment Losses on Tangible Assets	935	-
Depreciation Expenses of Tangible Assets	221,355	196,985
Impairment Losses on Intangible Assets	-	-
Impairment Losses on Goodwill	-	-
Amortisation Expenses of Intangible Assets	84,772	48,546
Impairment Losses on Investments Accounted under Equity Method	-	-
Impairment Losses on Assets to be Disposed	-	2,506
Depreciation Expenses of Right-of-use Assets	149,745	126,635
Impairment Losses on Assets Held for Sale	-	-
Other Operating Expenses	4,039,179	2,363,602
<i>Operational Lease related Expenses (*)</i>	107,215	106,682
<i>Repair and Maintenance Expenses</i>	54,686	39,115
<i>Advertisement Expenses</i>	143,660	91,407
<i>Other Expenses</i>	3,733,618	2,126,398
Loss on Sale of Assets	1,850	1,923
Others (**)	947,265	621,505
Total	5,566,336	3,441,466

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

(**)Includes Saving Deposits Insurance Fund related expenses of TL 489,315 (31 December 2021: TL 148,437) 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 from continued and discontinued operations

For the period ended 30 June 2022, the Bank recorded a tax expense of TL 6,955,144 (30 June 2021: TL 1,167,794) and a deferred tax income of TL 1,444,635 (30 June 2021: deferred tax income of TL 99,953).

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 (+)	(3,730,772)	(1,021,807)
Decrease in tax deductible timing differences (-)	1,702,966	439,217
Increase in taxable timing differences (-)	2,388,341	493,387
Decrease in taxable timing differences (+)	(1,805,170)	(10,750)
Total	(1,444,635)	(99,953)

Deferred tax benefit/charge in the statement of profit/loss 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)	(2,027,806)	(582,590)
(Increase)/Decrease in Taxable Timing Differences (net)	583,171	482,637
(Increase)/Decrease in Tax Losses (net)	-	-
(Increase)/Decrease in Tax Deductions and Exemptions (net)	-	-
Total	(1,444,635)	(99,953)

5.4.10 Information on net profit/loss 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”.

5.4.11 Net profit/loss

5.4.11.1 Any further explanation on operating results needed for better understanding of the 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.

5.4.12 Components of other items in statement of profit/loss

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

5.5 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 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 the 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	14,327,512	3,366,181	774,676	1,563,727	10,060	193,011
Balance at end of period	16,604,254	4,016,473	427,069	2,101,742	18,697	42,588
Interest and Commission Income	282,036	18,309	867	-	1,037	-

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	9,505,341	2,096,812	651,108	722,425	113,315	50,868
Balance at end of period	14,327,512	3,366,181	774,676	1,563,727	10,060	193,011
Interest and Commission Income	188,140	13,234	63	-	7,519	89

5.7.1.2 Deposits

Bank's Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Balance at beginning of period	2,404,548	1,889,426	31,849	70,153	7,064,055	417,657
Balance at end of period	3,570,491	2,404,548	39,003	31,849	5,917,757	7,064,055
Interest Expense	171,504	138,848	33	47	557,347	16,586

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	3,888,943	3,000,560	35,864,072	30,664,682	-	-
Balance at end of period	5,089,810	3,888,943	40,615,202	35,864,072	-	-
Total Profit/(Loss)	(11,604)	(6,001)	174,977	133,635	-	-
Transactions for Hedging:						
Balance at beginning of period	-	-	220,100	565,120	-	-
Balance at end of period	-	-	228,098	220,100	-	-
Total Profit/(Loss)	-	-	(1,010)	(1,438)	-	-

5.7.2 The Bank's risk group

5.7.2.1 Relations with companies in risk group of/or controlled by the Bank regardless of nature of current transactions

Transactions with the risk group, are held under arm's-length conditions; terms are set according to the market conditions and in compliance with the Banking Law. The Bank's policy is to keep the balances and transaction volumes with the risk group at reasonable levels preventing any high concentration risk on balance sheet.

5.7.2.2 Concentration of transaction volumes and balances with risk group and pricing policy

The cash loans of the risk group amounting TL 3,910,515 (31 December 2021: TL 3,389,690) compose %0.71 % (31 December 2021: 0.80%) of the Bank's total cash loans and 0.40% (31 December 2021: 0.45%) of the Bank's total assets. The total loans and similar receivables amounting TL 17,050,020 (31 December 2021: TL 15,112,248) compose 1.74% (31 December 2021: 1.99%) of the Bank's total assets. The non-cash loans of the risk group amounting TL 6,160,803 (31 December 2021: TL 5,122,919) compose 3.55% (31 December 2021: 3.97%) of the Bank's total non-cash loans.

The deposits of the risk group amounting TL 9,527,251 (31 December 2021: TL 9,500,452) compose 1.45% (31 December 2021: 1.85%) of the Bank's total deposits.

The funds borrowed by the Bank from its risk group amounting TL 31,428,873 (31 December 2021: TL 33,258,677) compose 76.95% (31 December 2021: 90.34%) of the Bank's total funds borrowed. The pricing in transactions with the risk group companies is set on an arm's-length basis.

The credit card ("POS") payables to the related parties, amounted to TL 303,673 (31 December 2021: TL 237,278).

A total rent income of TL 12,043 (30 June 2021: TL 10,423) was recognized for the real estates rented to the related parties.

Operating expenses for TL 78,242 (30 June 2021: TL 59,758) were incurred for the IT services rendered by the related parties. Banking services fees of TL 17,572 (30 June 2021: TL 19,670) were recognized from the related parties.

Insurance brokerage fee of TL 298,370 (30 June 2021: TL 208,705), shares brokerage fee of TL 159,067 (30 June 2021: TL 143,374), and fixed-rate securities brokerage fee of TL 6,625 (30 June 2021: TL 4,002) were received from the subsidiaries.

Operating expenses of TL 38,058 (30 June 2021: TL 57,533) 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 amounts to TL 62,226 as of 30 June 2022 (30 June 2021: TL 37,576).

5.7.2.3 Other matters not required to be disclosed

None (31 December 2021: None).

5.7.2.4 Transactions accounted for under equity method

Please refer to Note 5.1.10 investments in subsidiaries.

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 the Bank's internal use are partly arranged through leasing.

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

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 balance sheet date

None.

5.10 Other Disclosures on Activities of the Bank

5.10.1 Bank's latest international risk ratings

MOODY'S (December 2020)

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

FITCH RATINGS (July 2022)

Long-Term FC	B- / Negative Outlook
Short-Term FC	B
Long-Term TL	B / Negative Outlook
Short-Term TL	B
Viability Rating	b
Shareholder Support	b-
National Long Term Rating	AA(tur)
Long term senior unsecured notes	B-
Short term senior unsecured notes	B
Subordinated notes	CCC+

JCR EURASIA RATINGS (September 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

5.10.2 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)

5.10.3 Other disclosures

None.

6 Disclosures on Limited Review Report

6.1 Disclosure on limited review report

The unconsolidated financial statements of the Bank as of 30 June 2022, have been reviewed by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member firm of Ernst & Young Global Limited) and a limited review report dated 28 July 2022, is presented in the introduction to this report.

6.2 Disclosures and footnotes prepared by independent auditors

None

7 Interim Activity Report

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

Türkiye Garanti Bankası A.Ş., announced its financial statements dated 30 June 2022. Based on the unconsolidated financials, the Bank's **net income** in the first 6 months of the year recorded as TL 21 billion 95 million 942 thousand. **Asset size** reached to TL 981 billion 659 million 25 thousand and the Bank's contribution to the economy through cash and non-cash **loans** increased to TL 709 billion 284 million 100 thousand. Actively managing the funding base, deposits continued to be the main funding source with 67% share in the total funding base. Customer deposit base reached to TL 649 billion 314 million 820 thousand with 27% growth in the first 6 months of the year. Preserving the strong capital stance, Bank's capital adequacy ratio was realized at 17.1%*. The Bank delivered an **ROAE** (Return on Average Equity) of 43.1%** and an **ROAA** (Return on Average Assets) of 4.8%**.

*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 "As we leave the first half of the year behind, uncertainties in the global economy continue due to ongoing inflationary pressures. On the global front, central banks maintain a hawkish communication to lower inflation expectations. In June, the FED made the highest interest rate increase in 28 years. In July, the European Central Bank increased interest rates by 50 basis points for the first time in 11 years.

The financial outlook remains challenging for emerging market economies, given much tighter monetary conditions and slowing global demand. The war in Ukraine and the rapid slowdown in China reinforces this further. Along with global factors, consumption-driven growth also brings inflationary pressures in our country. High inflation expectations push demand forward. In this process, a series of macro-prudential measures taken in Turkey to support liraization on the one hand, and focus on making loan growth more targeted and production-oriented, on the other. At this point, the positive development is that export and tourism revenues are progressing better than the expectations at the beginning of the year, and this has a positive effect on both growth and the budget.

In this period when demand is pulled forward, loan growth was quite strong. Continuing our contribution to the economy, we increased our market share in TL loans in the first 6 months and reached a level of 10.3%.

BBVA's voluntary takeover bid, which started on March 31, 2022, was finalized on May 18, 2022, and BBVA's shareholding in Garanti BBVA reached 85.97%. This sizable investment of BBVA is also an indication of their commitment in our country. This step will strengthen us, our customers, and our entire country as part of this family."

Commenting on the topic, **Garanti BBVA CEO Recep Baştuğ** said: “In the second quarter, with the momentum in the economic activity, Garanti BBVA continued to grow together with its customers and created value in-line with the Bank’s traditional stance.

The Turkish banking sector, similar to previous quarters, continued to grow in Turkish lira lending. The growth was mainly driven by the corporate side, while consumer lending was relatively muted. Credit card receivables which grew in parallel to the inflationary environment was the only exception, and grew almost the same level as corporate lending. On the other hand, demand for FC loans declined. Foreign currency assets shrank in the quarter while TL assets grew as a result of the FX-protected deposit scheme (KKM). Our bank, as one of the most active contributor to the FX-protected deposit scheme, realized approximately 11% of the total volume in the sector.

As our consolidated asset exceeds TL 1 trillion, having the highest share of total and TL loans in assets among our peers, underline our customer-driven growth strategy. We strengthened our leading position in TL cash loans among private banks by growing more than TL 50 billion in the second quarter. While supporting the Turkish economy with this growth, we also aim to create sustainable value for all our stakeholders.

Being the most important strategic priority of our bank, we continue to place utmost attention on sustainability by focusing in the of combating the climate crisis and inclusive growth. In that respect, We have a vision of leading the development of the sustainable finance market. We encourage our customers and employees to be a part of this responsibility driven transformation. In this context, we launched the " My Ecological Status" page in Garanti BBVA Mobil, which allows users to calculate their carbon footprints. We inform our customers about the impact they have on nature, and we aim to help them reduce their carbon footprints with the suggestions we offer.”

Recep Baştuğ continues as follows: “Sustainability is numerically a performance indicator in the bank and everyone involved has reflected this on their KPIs. We aim to make positive contributions to the environment by using all kinds of opportunities brought by digitalization. The latest example of this is our BonusFlaş application, where our customers can view the digital version, which is exactly the same as the printed slip. The application of digital slips instead of non-recyclable paper slips makes a very important contribution to nature in this respect.

As Garanti BBVA, we take into account not only the impact we have created in the economy; we also measure and report the value we add to the environment, social life and technology. I would like to thank my colleagues who have made great efforts and contributed to the results of our bank as of the end of the second quarter, and all our stakeholders who participated in this journey, supported and trusted us.”

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

7.1.1 Selected Figures of Unconsolidated Financial Statements

Selected Balance Sheet Items	Current Period 30.June.2022	Prior Period 31.Dec.2021	Change Δ %
Total Assets	981,659,025	758,880,152	29.4%
Loans	553,047,913	424,854,600	30.2%
- Performing Loans	535,590,109	408,783,385	31.0%
- Non-Performing Loans	17,457,804	16,071,215	8.6%
Customer Deposits	649,314,820	511,112,800	27.0%
Shareholders' Equity	111,726,947	79,981,259	39.7%

Selected P&L Items	Current Period 30.June.2022	Prior Period 30.June.2021	Change Δ %
Net Interest Income	28,849,527	13,380,068	115.6%
Operating Expenses	9,047,071	5,586,058	62.0%
- HR Cost	3,480,735	2,144,592	62.3%
- Other Operating Expenses	5,566,336	3,441,466	61.7%
Net Fees&Commissions	6,524,821	3,874,418	68.4%
Net Income	21,095,942	5,736,694	267.7%

Selected Financial Ratios	Current Period 30.June.2022	Prior Period 31.Dec.2021	Change Δ bps
Performing Loans/Assets	54.6%	53.9%	69
Deposits/Assets	66.1%	67.4%	(120)
Return on Average Equity	43.0%	19.0%	2402
Return on Average Assets	4.8%	2.3%	254
Non-Performing Loans Ratio	3.2%	3.8%	(63)
Capital Adequacy Ratio*	17.1%	15.8%	122
* Calculated without the forbearance introduced by BRSA			

Market Shares	Current Period 30.June.2022	Prior Period 31.Dec.2021	Change Δ bps
Performing Loans	9.9%	9.7%	18
TL Performing Loans	10.3%	10.2%	17
FC Performing Loans	9.1%	9.1%	6
Customer Deposits	10.6%	10.8%	(17)
TL Customer Deposits	10.2%	10.4%	(19)
FC Customer Deposits	11.0%	11.1%	(12)

Garanti with Numbers	Current Period 30.June.2022	Prior Period 31.Dec.2021	Change Δ %
Branch Network	858	872	(1.6%)
Number of Employees	18,569	18,354	1.2%
ATM	5,423	5,401	0.4%
POS*	752,744	700,616	7.4%
Number of Customers	21,398,568	20,271,437	5.6%
Number of Digital Customers**	12,089,647	11,040,150	9.5%
Number of Credit Card Customers	8,449,267	7,903,799	6.9%

*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 01.01.2022-30.06.2022

There is no change during the period.

7.3 Announcements regarding important developments in the period of 01.01.2022-30.06.2022

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

7.4 Assessment of financial information and risk management

You may find information regarding the assessment of financial position, profitability and debt payment capability, risk management explanations and ratings in the financial statements for the period ended 30 June 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.