

*(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 Nine-Month Period Ended**  
**30 September 2021**

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



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**Convenience Translation of the Review Report  
Originally Prepared and Issued in Turkish to English**

**Independent Auditor's Report on Review of Interim Financial Information**

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

*Introduction*

We have reviewed the accompanying unconsolidated statement of financial position of Türkiye Garanti Bankası A.Ş. ("the Bank") as at 30 September 2021 and the 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 for the nine month period then ended and notes, comprising a summary of significant accounting policies and other explanatory information. The Bank Management is responsible for the preparation and fair presentation of these unconsolidated interim financial information in accordance with the "Banking Regulation and Supervision Agency ("BRSA") Accounting and Reporting Legislation" which includes the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette No.26333 dated 1 November 2006, and other regulations on accounting records of banks published by Banking Regulation and Supervision Board and circulars and interpretations published by BRSA and the requirements of Turkish Accounting Standard 34 "Interim Financial Reporting" for the matters not regulated by the aforementioned legislations (together referred as "BRSA Accounting and Financial Reporting Legislation"). Our responsibility is to express a conclusion on these unconsolidated interim financial information based on our review.

*Scope of Review*

We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, 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 consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



#### *Basis for Qualified Conclusion*

As stated in Note 2.8.4 of Section Five, the accompanying unconsolidated interim financial information as at 30 September 2021 includes a general reserve of TL 6,600,000 thousands which TL 1,950,000 thousands was recognized as expense in the current period and TL 4,650,000 thousands had been recognized as expense in prior periods, which does not meet the requirements of BRSA Accounting and Reporting Legislation. This general provision is provided by the Bank management for the possible effects of the negative circumstances which may arise in economy or market conditions.

#### *Qualified Conclusion*

Based on our review, except for the effects of the matter described in the Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that the accompanying unconsolidated interim financial information do not present fairly, in all material respects, the unconsolidated financial position of Türkiye Garanti Bankası A.Ş. as at 30 September 2021, and its unconsolidated financial performance and its unconsolidated cash flows for the nine month period then ended in accordance with the BRSA Accounting and Reporting Legislation.

#### *Report on Other Legal and Regulatory Requirements*

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information provided in the interim activity report included in section seven of the accompanying unconsolidated interim financial information is not consistent, in all material respects, with the reviewed unconsolidated interim financial information and explanatory notes.

#### **Additional paragraph for convenience translation to English:**

The accounting principles summarized in Note 1 Section Three, differ from the accounting principles generally accepted in countries in which the accompanying unconsolidated interim financial information is to be distributed and International Financial Reporting Standards ("IFRS"). Accordingly, the accompanying unconsolidated interim financial information is not intended to present the financial position and results of operations in accordance with accounting principles generally accepted in such countries of users of the unconsolidated interim financial information and IFRS.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

Murat Alsan, SMMM  
Partner

27 October 2021  
İstanbul, Turkey

*(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 NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021**

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

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

**Süleyman Sözen**  
Board of Directors  
Chairman

**Recep Baştuğ**  
General Manager

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

**Hakan Özdemir**  
Financial Reporting and  
Accounting Director

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

**Avni Aydın Düren**  
Audit Committee Member

**Belkıs Sema Yurdum**  
Audit Committee Member

The authorized contact person for questions on this financial report:

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## **SECTION ONE**

**Page No:**

### General Information

I.	History of the Bank including its incorporation date, initial legal status, amendments to legal status	1
II.	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	1
III.	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	2
IV.	Information on the Bank's qualified shareholders	3
V.	Summary information on the bank's activities and services	3
VI.	Current or likely actual or legal barriers to immediate transfer of equity or repayment of debts between the Bank and its subsidiaries	3

## **SECTION TWO**

### Unconsolidated Interim Financial Statements

I.	Balance sheet – Assets	4
II.	Balance sheet – Liabilities	5
III.	Off-balance sheet items	6
IV.	Statement of profit or loss	7
V.	Statement of profit or loss and other comprehensive income	8
VI.	Statement of changes in shareholders' equity	9
VII.	Statement of cash flows	10

## **SECTION THREE**

### Accounting Policies

I.	Basis of presentation	11
II.	Strategy for use of financial instruments and foreign currency transactions	12
III.	Investments in associates and subsidiaries	13
IV.	Forwards, options and other derivative transactions	13
V.	Interest income and expenses	15
VI.	Fees and commissions	15
VII.	Financial instruments	15
VIII.	Disclosures on impairment of financial instruments	19
IX.	Netting and derecognition of financial instruments	25
X.	Repurchase and resale agreements and securities lending	27
XI.	Assets held for sale, discontinued operations and related liabilities	27
XII.	Goodwill and other intangible assets	27
XIII.	Tangible assets	28
XIV.	Leasing activities	29
XV.	Provisions and contingent liabilities	30
XVI.	Contingent assets	30
XVII.	Liabilities for employee benefits	30
XVIII.	Taxation	32
XIX.	Funds borrowed	33
XX.	Share issuances	34
XXI.	Confirmed bills of exchange and acceptances	34
XXII.	Government incentives	34
XXIII.	Segment reporting	34
XXIV.	Profit reserves and profit appropriation	36
XXV.	Earnings per share	36
XXVI.	Related parties	36
XXVII.	Cash and cash equivalents	36
XXVIII.	Other disclosures	36

## **SECTION FOUR**

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

I.	Total capital	37
II.	Credit risk	45
III.	Currency risk	45
IV.	Interest rate risk	47
V.	Position risk of equity securities	50
VI.	Liquidity risk management and liquidity coverage ratio	51
VII.	Leverage ratio	57
VIII.	Fair values of financial assets and liabilities	58
IX.	Transactions carried out on behalf of customers and items held in trust	58
X.	Risk management objectives and policies	58

## **SECTION FIVE**

### Disclosures and Footnotes on Unconsolidated Financial Statements

I.	Assets	62
II.	Liabilities	89
III.	Off-balance sheet items	98
IV.	Statement of profit or loss	100
V.	Statement of changes in shareholders' equity	107
VI.	Statement of cash flows	107
VII.	Related party risks	108
VIII.	Domestic, foreign and off-shore branches or equity investments, and foreign representative offices	110
IX.	Matters arising subsequent to balance sheet date	110
X.	Other disclosures on activities of the bank	111

## **SECTION SIX**

### Limited Review Report

I.	Disclosure on limited review report	113
II.	Disclosures and footnotes prepared by independent auditors	113

## **SECTION SEVEN**

### Interim Activity Report

I.	Summary financial information regarding the operating results for the current period, the comments of the Chairman of the Board of Directors and the CEO	118
II.	The amendments in the articles of association during the period of 01.01.2021-30.09.2021	114
III.	Announcements regarding important developments during the period of 01.01.2021-30.09.2021	114
IV.	Assessment of financial information and risk management	114
V.	Information regarding management and corporate governance practices	114
VI.	Forward looking statements regarding the expectations	

## **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 866 domestic branches, 8 foreign branches and 1 representative offices abroad (31 December 2020: 884 domestic branches, 8 foreign branches and 2 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 September 2021, group of companies under BBVA that currently owns 49.85% shares of the Bank, is defined as the BBVA Group (“the Group”) and it is the main shareholder.

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

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

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

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

#### **BBVA Group**

BBVA is operating for more than 160 years, providing variety of wide spread financial and non-financial services to 79 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 Pastor Munoz	Member	31.03.2021	Master	30 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	41 years
Avni Aydın Düren	Independent Member and Member of Audit Committee	17.06.2020	Master	30 years
Mevhibe Canan Özsoy	Independent Member	04.04.2019	Master	33 years

#### CEO and Executive Vice Presidents:

Name and Surname	Responsibility	Appointment Date	Education	Experience in Banking and Business Administration
Recep Baştuğ	CEO	06.09.2019	University	32 years
İlker Kuruöz	EVP-Engineering Services and Data	14.03.2018	Master	30 years
Betül Ebru Edin	EVP-Corporate, Investment Banking and Global Markets	25.11.2009	University	28 years
Işıl Akdemir Evlioğlu	EVP- Customer Solutions and Digital Banking	01.03.2020	Master	16 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	31 years
Murat Atay	Head of Credit Risk Management	01.01.2021	PhD	28 years
Mahmut Akten	EVP-Retail Banking	17.01.2017	Master	22 years
Sibel Kaya	EVP- SME Banking	02.02.2021	University	24 years

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



#### **1.4 Information on the Bank's qualified shareholders**

<b>Name / Company</b>	<b>Shares</b>	<b>Ownership</b>	<b>Paid-in Capital</b>	<b>Unpaid Portion</b>
Banco Bilbao Vizcaya Argentaria SA	2,093,700	49.85%	2,093,700	-

#### **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 September 2021

ASSETS		Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
			CURRENT PERIOD 30 September 2021			PRIOR PERIOD 31 December 2020		
			TL	FC	Total	TL	FC	Total
<b>I. FINANCIAL ASSETS (Net)</b>			<b>57,989,888</b>	<b>92,275,621</b>	<b>150,265,509</b>	<b>40,531,365</b>	<b>87,439,392</b>	<b>127,970,757</b>
<b>1.1 Cash and Cash Equivalents</b>		<b>5.1.1</b>	<b>24,004,306</b>	<b>78,179,627</b>	<b>102,183,933</b>	<b>15,068,077</b>	<b>69,609,157</b>	<b>84,677,234</b>
1.1.1 Cash and Balances with Central Bank			14,888,731	62,013,606	76,902,337	6,997,122	48,169,467	55,166,589
1.1.2 Banks			561,969	14,445,600	15,007,569	254,194	21,429,215	21,683,409
1.1.3 Money Market Placements			8,616,289	1,796,496	10,412,785	8,003,922	239,378	8,243,300
1.1.4 Expected Credit Losses (-)			62,683	76,075	138,758	187,161	228,903	416,064
<b>1.2 Financial Assets Measured at Fair Value through Profit/Loss (FVTPL)</b>		<b>5.1.2</b>	<b>606,453</b>	<b>5,152,298</b>	<b>5,758,751</b>	<b>578,558</b>	<b>6,929,395</b>	<b>7,507,953</b>
1.2.1 Government Securities			577,444	262,829	840,273	518,067	2,077,532	2,595,599
1.2.2 Equity Securities			29,009	102,708	131,717	29,086	54,021	83,107
1.2.3 Other Financial Assets			-	4,786,761	4,786,761	31,405	4,797,842	4,829,247
<b>1.3 Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)</b>		<b>5.1.3</b>	<b>30,737,845</b>	<b>6,897,574</b>	<b>37,635,419</b>	<b>22,424,484</b>	<b>8,933,994</b>	<b>31,358,478</b>
1.3.1 Government Securities			30,661,056	6,599,212	37,260,268	22,255,104	8,691,269	30,946,373
1.3.2 Equity Securities			76,789	298,362	375,151	58,305	242,725	301,030
1.3.3 Other Financial Assets			-	-	-	111,075	-	111,075
<b>1.4 Derivative Financial Assets</b>		<b>5.1.4</b>	<b>2,641,284</b>	<b>2,046,122</b>	<b>4,687,406</b>	<b>2,460,246</b>	<b>1,966,846</b>	<b>4,427,092</b>
1.4.1 Derivative Financial Assets Measured at FVTPL			2,248,314	2,022,910	4,271,224	2,013,085	1,966,846	3,979,931
1.4.2 Derivative Financial Assets Measured at FVOCI			392,970	23,212	416,182	447,161	-	447,161
<b>II. FINANCIAL ASSETS MEASURED AT AMORTIZED COST</b>			<b>272,888,225</b>	<b>111,242,930</b>	<b>384,131,155</b>	<b>227,790,391</b>	<b>102,188,728</b>	<b>329,979,119</b>
<b>2.1 Loans</b>		<b>5.1.5</b>	<b>261,446,069</b>	<b>109,868,075</b>	<b>371,314,144</b>	<b>215,622,779</b>	<b>99,461,744</b>	<b>315,084,523</b>
<b>2.2 Lease Receivables</b>		<b>5.1.6</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2.3 Other Financial Assets Measured at Amortised Cost</b>		<b>5.1.7</b>	<b>21,635,484</b>	<b>13,191,503</b>	<b>34,826,987</b>	<b>22,653,295</b>	<b>11,687,924</b>	<b>34,341,219</b>
2.3.1 Government Securities			21,601,984	11,819,856	33,421,840	22,619,714	10,541,868	33,161,582
2.3.2 Other Financial Assets			33,500	1,371,647	1,405,147	33,581	1,146,056	1,179,637
<b>2.4 Expected Credit Losses (-)</b>			<b>10,193,328</b>	<b>11,816,648</b>	<b>22,009,976</b>	<b>10,485,683</b>	<b>8,960,940</b>	<b>19,446,623</b>
<b>III. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)</b>		<b>5.1.8</b>	<b>557,595</b>	<b>-</b>	<b>557,595</b>	<b>768,033</b>	<b>-</b>	<b>768,033</b>
3.1 Asset Held for Resale			557,595	-	557,595	768,033	-	768,033
3.2 Assets of Discontinued Operations			-	-	-	-	-	-
<b>IV. INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES</b>			<b>4,157,697</b>	<b>9,922,403</b>	<b>14,080,100</b>	<b>3,436,942</b>	<b>7,980,844</b>	<b>11,417,786</b>
<b>4.1 Associates (Net)</b>		<b>5.1.9</b>	<b>46,997</b>	<b>-</b>	<b>46,997</b>	<b>45,780</b>	<b>-</b>	<b>45,780</b>
4.1.1 Associates Consolidated Under Equity Accounting			-	-	-	-	-	-
4.1.2 Unconsolidated Associates			46,997	-	46,997	45,780	-	45,780
<b>4.2 Subsidiaries (Net)</b>		<b>5.1.10</b>	<b>4,110,700</b>	<b>9,922,403</b>	<b>14,033,103</b>	<b>3,391,162</b>	<b>7,980,844</b>	<b>11,372,006</b>
4.2.1 Unconsolidated Financial Investments in Subsidiaries			4,093,919	9,922,403	14,016,322	3,287,142	7,980,844	11,267,986
4.2.2 Unconsolidated Non-Financial Investments in Subsidiaries			16,781	-	16,781	104,020	-	104,020
<b>4.3 Joint Ventures (Net)</b>		<b>5.1.11</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
4.3.1 Joint-Ventures Consolidated Under Equity Accounting			-	-	-	-	-	-
4.3.2 Unconsolidated Joint-Ventures			-	-	-	-	-	-
<b>V. TANGIBLE ASSETS (Net)</b>		<b>5.1.12</b>	<b>4,979,228</b>	<b>256</b>	<b>4,979,484</b>	<b>5,319,194</b>	<b>267</b>	<b>5,319,461</b>
<b>VI. INTANGIBLE ASSETS (Net)</b>		<b>5.1.13</b>	<b>607,287</b>	<b>-</b>	<b>607,287</b>	<b>454,552</b>	<b>-</b>	<b>454,552</b>
6.1 Goodwill			-	-	-	-	-	-
6.2 Others			607,287	-	607,287	454,552	-	454,552
<b>VII. INVESTMENT PROPERTY (Net)</b>		<b>5.1.14</b>	<b>741,529</b>	<b>-</b>	<b>741,529</b>	<b>704,701</b>	<b>-</b>	<b>704,701</b>
<b>VIII. CURRENT TAX ASSET</b>			<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>IX. DEFERRED TAX ASSET</b>		<b>5.1.15</b>	<b>3,778,030</b>	<b>-</b>	<b>3,778,030</b>	<b>3,509,508</b>	<b>-</b>	<b>3,509,508</b>
<b>X. OTHER ASSETS (Net)</b>		<b>5.1.16</b>	<b>9,888,862</b>	<b>4,508,448</b>	<b>14,397,310</b>	<b>8,036,017</b>	<b>4,637,886</b>	<b>12,673,903</b>
<b>TOTAL ASSETS</b>			<b>355,588,341</b>	<b>217,949,658</b>	<b>573,537,999</b>	<b>290,550,703</b>	<b>202,247,117</b>	<b>492,797,820</b>

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 September 2021**

LIABILITIES AND SHAREHOLDERS' EQUITY	Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
		CURRENT PERIOD 30 September 2021			PRIOR PERIOD 31 December 2020		
		TL	FC	Total	TL	FC	Total
<b>I. DEPOSITS</b>	5.2.1	174,032,095	211,445,791	385,477,886	143,602,381	177,909,214	321,511,595
<b>II. FUNDS BORROWED</b>	5.2.2	1,065,687	25,300,308	26,365,995	1,558,595	23,879,846	25,438,441
<b>III. MONEY MARKET FUNDS</b>	5.2.3	100,730	1,337,256	1,437,986	71,830	-	71,830
<b>IV. SECURITIES ISSUED (NET)</b>	5.2.4	5,337,534	11,037,886	16,375,420	6,088,978	12,901,692	18,990,670
4.1 Bills		3,876,588	-	3,876,588	4,661,251	-	4,661,251
4.2 Asset Backed Securities		-	-	-	-	-	-
4.3 Bonds		1,460,946	11,037,886	12,498,832	1,427,727	12,901,692	14,329,419
<b>V. FUNDS</b>		-	-	-	-	-	-
5.1 Borrowers' Funds		-	-	-	-	-	-
5.2 Others		-	-	-	-	-	-
<b>VI. FINANCIAL LIABILITIES MEASURED AT FVTPL</b>	5.2.5	-	17,279,802	17,279,802	-	15,980,865	15,980,865
<b>VII. DERIVATIVE FINANCIAL LIABILITIES</b>	5.2.6	1,597,019	4,230,561	5,827,580	4,310,977	4,033,168	8,344,145
7.1 Derivative Financial Liabilities Measured at FVTPL		1,597,019	4,001,160	5,598,179	4,250,654	3,798,190	8,048,844
7.2 Derivative Financial Liabilities Measured at FVOCI		-	229,401	229,401	60,323	234,978	295,301
<b>VIII. FACTORING PAYABLES</b>		-	-	-	-	-	-
<b>IX. LEASE PAYABLES (Net)</b>	5.2.7	762,336	56,275	818,611	830,788	42,233	873,021
<b>X. PROVISIONS</b>	5.2.8	5,304,925	5,678,433	10,983,358	5,985,404	3,065,706	9,051,110
10.1 Restructuring Reserves		-	-	-	-	-	-
10.2 Reserve for Employee Benefits		1,361,444	67,598	1,429,042	1,223,831	110,082	1,333,913
10.3 Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4 Other Provisions		3,943,481	5,610,835	9,554,316	4,761,573	2,955,624	7,717,197
<b>XI. CURRENT TAX LIABILITY</b>	5.2.9	1,929,193	33,622	1,962,815	2,132,278	31,882	2,164,160
<b>XII. DEFERRED TAX LIABILITY</b>		-	-	-	-	-	-
<b>XIII. LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)</b>	5.2.10	-	-	-	-	-	-
13.1 Asset Held for Sale		-	-	-	-	-	-
13.2 Assets of Discontinued Operations		-	-	-	-	-	-
<b>XIV. SUBORDINATED DEBTS</b>	5.2.11	1,035,532	6,776,309	7,811,841	1,029,532	5,569,437	6,598,969
14.1 Borrowings		-	-	-	-	-	-
14.2 Other Debt Instruments		1,035,532	6,776,309	7,811,841	1,029,532	5,569,437	6,598,969
<b>XV. OTHER LIABILITIES</b>	5.2.12	25,808,730	2,526,531	28,335,261	18,337,471	3,353,820	21,691,291
<b>XVI. SHAREHOLDERS' EQUITY</b>	5.2.13	70,859,018	2,426	70,861,444	61,783,033	298,690	62,081,723
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		1,534,537	138,415	1,672,952	1,487,187	114,358	1,601,545
16.4 Other Comprehensive Income/Expense Items to be Recycled to Profit or Loss		4,183,263	(325,163)	3,858,100	3,745,069	(85,252)	3,659,817
16.5 Profit Reserves		51,045,044	189,174	51,234,218	45,131,892	269,584	45,401,476
16.5.1 Legal Reserves		1,506,754	-	1,506,754	1,465,374	-	1,465,374
16.5.2 Status Reserves		-	-	-	-	-	-
16.5.3 Extraordinary Reserves		49,269,359	-	49,269,359	43,428,505	-	43,428,505
16.5.4 Other Profit Reserves		268,931	189,174	458,105	238,013	269,584	507,597
16.6 Profit/Loss		9,111,740	-	9,111,740	6,434,451	-	6,434,451
16.6.1 Prior Periods' Profit/Loss		13,283	-	13,283	196,448	-	196,448
16.6.2 Current Period's Net Profit/Loss		9,098,457	-	9,098,457	6,238,003	-	6,238,003
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>287,832,799</b>	<b>285,705,200</b>	<b>573,537,999</b>	<b>245,731,267</b>	<b>247,066,553</b>	<b>492,797,820</b>

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

## Türkiye Garanti Bankası Anonim Şirketi

## Off-Balance Sheet Items

At 30 September 2021

	Footnotes	THOUSANDS OF TURKISH LIRA (TL)					
		CURRENT PERIOD			PRIOR PERIOD		
		30 September 2021			31 December 2020		
	TL	FC	Total	TL	FC	Total	
<b>A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)</b>		<b>290,273,182</b>	<b>406,349,314</b>	<b>696,622,496</b>	<b>250,438,359</b>	<b>381,495,813</b>	<b>631,934,172</b>
<b>I. GUARANTEES AND SURETIES</b>	<b>5.3.1</b>	<b>40,303,464</b>	<b>55,495,803</b>	<b>95,799,267</b>	<b>31,824,340</b>	<b>44,535,398</b>	<b>76,359,738</b>
1.1. Letters of guarantee		40,071,181	38,775,073	78,846,254	31,475,024	32,453,565	63,928,589
1.1.1. Guarantees subject to State Tender Law		-	1,607,533	1,607,533	-	1,368,856	1,368,856
1.1.2. Guarantees given for foreign trade operations		2,820,656	787,733	3,608,389	2,489,512	624,418	3,113,930
1.1.3. Other letters of guarantee		37,250,525	36,379,807	73,630,332	28,985,512	30,460,291	59,445,803
1.2. Bank acceptances		28,043	1,919,478	1,947,521	70,194	2,103,257	2,173,451
1.2.1. Import letter of acceptance		28,043	1,919,478	1,947,521	70,194	2,103,257	2,173,451
1.2.2. Other bank acceptances		-	-	-	-	-	-
1.3. Letters of credit		54,560	13,286,473	13,341,033	279,122	9,858,696	10,137,818
1.3.1. Documentary letters of credit		-	-	-	-	-	-
1.3.2. Other letters of credit		54,560	13,286,473	13,341,033	279,122	9,858,696	10,137,818
1.4. Guaranteed prefinancings		-	-	-	-	-	-
1.5. Endorsements		149,680	1,406,575	1,556,255	-	-	-
1.5.1. Endorsements to the Central Bank of Turkey		149,680	1,406,575	1,556,255	-	-	-
1.5.2. Other endorsements		-	-	-	-	-	-
1.6. Underwriting commitments		-	-	-	-	-	-
1.7. Factoring related guarantees		-	-	-	-	-	-
1.8. Other guarantees		-	108,204	108,204	-	119,880	119,880
1.9. Other sureties		-	-	-	-	-	-
<b>II. COMMITMENTS</b>	<b>5.3.1</b>	<b>93,078,100</b>	<b>15,213,389</b>	<b>108,291,489</b>	<b>75,536,622</b>	<b>25,847,305</b>	<b>101,383,927</b>
2.1. Irrevocable commitments		93,074,700	13,808,967	106,883,667	75,525,720	23,850,201	99,375,921
2.1.1. Asset purchase and sale commitments		4,305,597	11,682,040	15,987,637	4,789,187	21,980,460	26,769,647
2.1.2. Deposit purchase and sale commitments		-	-	-	-	-	-
2.1.3. Share capital commitments to associates and affiliates		-	3,148	3,148	-	2,780	2,780
2.1.4. Loan granting commitments		26,719,263	2,123,779	28,843,042	21,120,921	1,866,961	22,987,882
2.1.5. Securities issuance brokerage commitments		-	-	-	-	-	-
2.1.6. Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7. Commitments for cheque payments		3,865,799	-	3,865,799	3,174,209	-	3,174,209
2.1.8. Tax and fund obligations on export commitments		127,839	-	127,839	143,224	-	143,224
2.1.9. Commitments for credit card limits		58,054,377	-	58,054,377	46,297,211	-	46,297,211
2.1.10. Commitments for credit cards and banking services related promotions		1,825	-	1,825	968	-	968
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		3,400	1,404,422	1,407,822	10,902	1,997,104	2,008,006
2.2.1. Revocable loan granting commitments		3,400	1,401,933	1,405,333	10,902	1,995,025	2,005,927
2.2.2. Other revocable commitments		-	2,489	2,489	-	2,079	2,079
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>	<b>5.3.2</b>	<b>156,891,618</b>	<b>335,640,122</b>	<b>492,531,740</b>	<b>143,077,397</b>	<b>311,113,110</b>	<b>454,190,507</b>
3.1. Derivative financial instruments held for risk management		2,744,956	40,338,973	43,083,929	4,115,260	32,298,462	36,413,722
3.1.1. Fair value hedges		469,986	7,358,948	7,828,934	469,986	7,576,457	8,046,443
3.1.2. Cash flow hedges		2,274,970	32,980,025	35,254,995	3,645,274	24,722,005	28,367,279
3.1.3. Net foreign investment hedges		-	-	-	-	-	-
3.2. Trading derivatives		154,146,662	295,301,149	449,447,811	138,962,137	278,814,648	417,776,785
3.2.1. Forward foreign currency purchases/sales		9,893,448	12,161,845	22,055,293	9,048,430	9,869,949	18,918,379
3.2.1.1. Forward foreign currency purchases		7,340,403	3,770,434	11,110,837	6,508,291	3,145,496	9,653,378
3.2.1.2. Forward foreign currency sales		2,553,045	8,391,411	10,944,456	2,540,139	6,724,453	9,264,992
3.2.2. Currency and interest rate swaps		138,772,047	220,169,477	358,941,524	126,227,468	217,752,253	343,979,721
3.2.2.1. Currency swaps-purchases		7,396,562	93,378,810	100,775,372	8,969,356	84,033,085	93,002,441
3.2.2.2. Currency swaps-sales		85,564,943	24,508,060	110,073,003	65,502,474	39,504,650	105,007,124
3.2.2.3. Interest rate swaps-purchases		22,905,271	51,141,303	74,046,574	25,878,025	47,107,259	72,985,284
3.2.2.4. Interest rate swaps-sales		22,905,271	51,141,304	74,046,575	25,877,613	47,107,259	72,984,872
3.2.3. Currency, interest rate and security options		5,014,125	10,303,970	15,318,095	2,589,981	6,720,617	9,310,598
3.2.3.1. Currency call options		2,171,082	2,516,216	4,687,298	1,671,606	1,196,735	2,868,341
3.2.3.2. Currency put options		2,643,043	2,442,937	5,085,980	918,375	2,108,244	3,026,619
3.2.3.3. Interest rate call options		100,000	3,003,306	3,103,306	-	1,846,602	1,846,602
3.2.3.4. Interest rate put options		100,000	2,341,511	2,441,511	-	1,569,036	1,569,036
3.2.3.5. Security call options		-	-	-	-	-	-
3.2.3.6. Security put options		-	-	-	-	-	-
3.2.4. Currency futures		467,042	1,952,681	2,419,723	1,096,258	1,278,030	2,374,288
3.2.4.1. Currency futures-purchases		434,117	775,365	1,209,482	567,391	611,740	1,179,131
3.2.4.2. Currency futures-sales		32,925	1,177,316	1,210,241	528,867	666,290	1,195,157
3.2.5. Interest rate futures		-	106,138	106,138	-	-	-
3.2.5.1. Interest rate futures-purchases		-	-	-	-	-	-
3.2.5.2. Interest rate futures-sales		-	106,138	106,138	-	-	-
3.2.6. Others		-	50,607,038	50,607,038	-	43,193,799	43,193,799
<b>B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)</b>		<b>985,361,010</b>	<b>1,320,788,913</b>	<b>2,306,149,923</b>	<b>871,288,654</b>	<b>1,092,016,647</b>	<b>1,963,305,361</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>65,008,171</b>	<b>70,942,448</b>	<b>135,950,619</b>	<b>49,252,335</b>	<b>56,050,432</b>	<b>105,302,767</b>
4.1. Customers' securities held		19,995,775	-	19,995,775	11,346,140	-	11,346,140
4.2. Investment securities held in custody		17,927,141	24,775,212	42,702,353	14,459,589	17,679,389	32,138,978
4.3. Checks received for collection		23,761,785	9,004,870	32,766,655	17,546,040	6,928,003	24,474,043
4.4. Commercial notes received for collection		3,040,916	1,301,113	4,342,029	2,483,134	1,064,265	3,547,399
4.5. Other assets received for collection		227,391	32,440,370	32,667,761	3,320,118	26,718,602	30,038,720
4.6. Assets received through public offering		-	216,388	216,388	-	181,367	181,367
4.7. Other items under custody		55,163	3,204,495	3,259,658	97,314	3,478,806	3,576,120
4.8. Custodians		-	-	-	-	-	-
<b>V. PLEDGED ITEMS</b>		<b>920,352,839</b>	<b>1,249,846,465</b>	<b>2,170,199,304</b>	<b>822,036,319</b>	<b>1,035,966,215</b>	<b>1,858,002,534</b>
5.1. Securities		7,087,297	3,863,884	10,951,181	5,755,288	2,036,084	7,791,372
5.2. Guarantee notes		23,103,086	16,184,649	39,287,735	23,242,788	13,837,997	37,080,785
5.3. Commodities		169,083	-	169,083	65,681	-	65,681
5.4. Warranties		-	-	-	-	-	-
5.5. Real estates		208,078,156	199,389,528	407,467,684	186,467,015	170,167,248	356,634,263
5.6. Other pledged items		681,915,217	1,030,408,255	1,712,323,472	606,505,547	849,924,755	1,456,430,302
5.7. Pledged items-depository		-	149	149	-	131	131
<b>VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL OFF-BALANCE SHEET ITEMS (A+B)</b>		<b>1,275,634,192</b>	<b>1,727,138,227</b>	<b>3,002,772,419</b>	<b>1,121,727,013</b>	<b>1,473,512,460</b>	<b>2,595,239,473</b>

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 September 2021

INCOME AND EXPENSE ITEMS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)			
		CURRENT PERIOD 1 January 2021- 30 September 2021	PRIOR PERIOD 1 January 2020- 30 September 2020	CURRENT PERIOD 1 July 2021- 30 September 2021	PRIOR PERIOD 1 July 2020- 30 September 2020
<b>I. INTEREST INCOME</b>	<b>5.4.1</b>	<b>39,180,886</b>	<b>26,696,250</b>	<b>15,036,847</b>	<b>9,348,804</b>
1.1 Interest income on loans		30,243,361	21,827,092	11,197,415	7,440,894
1.2 Interest income on reserve deposits		620,236	33,538	276,799	33,538
1.3 Interest income on banks		36,021	102,954	9,158	22,745
1.4 Interest income on money market transactions		1,355,011	347,773	756,130	248,734
1.5 Interest income on securities portfolio		6,592,475	4,131,671	2,682,928	1,530,190
1.5.1 Financial assets measured at FVTPL		89,133	80,399	34,566	30,224
1.5.2 Financial assets measured at FVOCI		3,421,125	1,920,007	1,447,589	741,199
1.5.3 Financial assets measured at amortised cost		3,082,217	2,131,265	1,200,773	758,767
1.6 Financial lease income		-	-	-	-
1.7 Other interest income		333,782	253,222	114,417	72,703
<b>II. INTEREST EXPENSE</b>	<b>5.4.2</b>	<b>17,027,939</b>	<b>9,485,150</b>	<b>6,263,968</b>	<b>3,140,357</b>
2.1 Interest on deposits		14,328,650	6,188,421	5,416,493	2,113,161
2.2 Interest on funds borrowed		936,539	1,206,013	287,798	344,052
2.3 Interest on money market transactions		125,463	220,025	7,960	51,770
2.4 Interest on securities issued		1,502,405	1,395,784	511,918	492,225
2.5 Lease interest expense		89,310	107,869	34,071	26,401
2.6 Other interest expenses		45,572	367,038	5,728	112,748
<b>III. NET INTEREST INCOME (I - II)</b>		<b>22,152,947</b>	<b>17,211,100</b>	<b>8,772,879</b>	<b>6,208,447</b>
<b>IV. NET FEES AND COMMISSIONS INCOME/EXPENSES</b>	<b>5.4.12</b>	<b>6,060,435</b>	<b>4,485,712</b>	<b>2,186,017</b>	<b>1,520,328</b>
4.1 Fees and commissions received		8,068,167	5,561,727	3,059,086	1,906,178
4.1.1 Non-cash loans		662,001	517,601	237,424	185,951
4.1.2 Others		7,406,166	5,044,126	2,821,662	1,720,227
4.2 Fees and commissions paid		2,007,732	1,076,015	873,069	385,850
4.2.1 Non-cash loans		1,780	944	660	77
4.2.2 Others		2,005,952	1,075,071	872,409	385,773
<b>V. DIVIDEND INCOME</b>	<b>5.4.3</b>	<b>127,948</b>	<b>18,632</b>	<b>766</b>	<b>648</b>
<b>VI. NET TRADING INCOME/LOSSES (Net)</b>	<b>5.4.4</b>	<b>(3,605,160)</b>	<b>1,883,513</b>	<b>(2,337,004)</b>	<b>1,083,681</b>
7.1 Trading account income/losses		1,084,444	2,234,780	409,367	468,203
7.2 Income/losses from derivative financial instruments		(4,756,223)	(1,646,772)	(3,671,236)	1,406,229
7.3 Foreign exchange gains/losses		66,619	1,295,505	924,865	(790,751)
<b>VII. OTHER OPERATING INCOME</b>	<b>5.4.5</b>	<b>6,774,013</b>	<b>3,854,133</b>	<b>1,989,301</b>	<b>1,322,426</b>
<b>VIII. TOTAL OPERATING PROFIT (III+IV+V+VI+VII)</b>		<b>31,510,183</b>	<b>27,453,090</b>	<b>10,611,959</b>	<b>10,135,530</b>
<b>IX. EXPECTED CREDIT LOSSES (-)</b>	<b>5.4.6</b>	<b>9,408,418</b>	<b>10,684,290</b>	<b>1,758,582</b>	<b>3,505,247</b>
<b>X. OTHER PROVISIONS (-)</b>	<b>5.4.6</b>	<b>3,360,365</b>	<b>3,651,800</b>	<b>1,194,916</b>	<b>1,922,703</b>
<b>XI. PERSONNEL EXPENSES (-)</b>		<b>3,325,114</b>	<b>2,758,891</b>	<b>1,180,522</b>	<b>921,891</b>
<b>XII. OTHER OPERATING EXPENSES (-)</b>	<b>5.4.7</b>	<b>5,196,333</b>	<b>4,427,405</b>	<b>1,754,867</b>	<b>1,522,040</b>
<b>XIII. NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)</b>		<b>10,219,953</b>	<b>5,930,704</b>	<b>4,723,072</b>	<b>2,263,649</b>
<b>XIV. INCOME RESULTED FROM MERGERS</b>		-	-	-	-
<b>XV. INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING</b>		<b>1,470,738</b>	<b>1,014,840</b>	<b>446,519</b>	<b>386,094</b>
<b>XVI. GAIN/LOSS ON NET MONETARY POSITION</b>		-	-	-	-
<b>XVII. OPERATING PROFIT/LOSS BEFORE TAXES (XIII+...+XVI)</b>	<b>5.4.8</b>	<b>11,690,691</b>	<b>6,945,544</b>	<b>5,169,591</b>	<b>2,649,743</b>
<b>XVIII. PROVISION FOR TAXES OF CONTINUED OPERATIONS (±)</b>	<b>5.4.9</b>	<b>2,592,234</b>	<b>1,818,299</b>	<b>1,524,393</b>	<b>753,873</b>
18.1 Current tax charge		2,665,164	2,357,699	1,497,370	262,220
18.2 Deferred tax charge (+)		893,628	913,842	(38,976)	662,261
18.3 Deferred tax credit (-)		(966,558)	(1,453,242)	65,999	(170,608)
<b>XIX. NET OPERATING PROFIT/LOSS AFTER TAXES (XVII±XVIII)</b>	<b>5.4.10</b>	<b>9,098,457</b>	<b>5,127,245</b>	<b>3,645,198</b>	<b>1,895,870</b>
<b>XX. INCOME FROM DISCONTINUED OPERATIONS</b>		-	-	-	-
20.1 Income from assets held for sale		-	-	-	-
20.2 Income from sale of associates, subsidiaries and joint-ventures		-	-	-	-
20.3 Others		-	-	-	-
<b>XXI. EXPENSES FROM DISCONTINUED OPERATIONS (-)</b>		-	-	-	-
21.1 Expenses on assets held for sale		-	-	-	-
21.2 Expenses on sale of associates, subsidiaries and joint-ventures		-	-	-	-
21.3 Others		-	-	-	-
<b>XXII. PROFIT/LOSS BEFORE TAXES ON DISCONTINUED OPERATIONS (XX-XXI)</b>	<b>5.4.8</b>	-	-	-	-
<b>XXIII. PROVISION FOR TAXES OF DISCONTINUED OPERATIONS (±)</b>	<b>5.4.9</b>	-	-	-	-
23.1 Current tax charge		-	-	-	-
23.2 Deferred tax charge (+)		-	-	-	-
23.3 Deferred tax credit (-)		-	-	-	-
<b>XXIV. NET PROFIT/LOSS AFTER TAXES ON DISCONTINUED OPERATIONS (XXII±XXIII)</b>	<b>5.4.10</b>	-	-	-	-
<b>XXV. NET PROFIT/LOSS (XIX+XXIV)</b>	<b>5.4.11</b>	<b>9,098,457</b>	<b>5,127,245</b>	<b>3,645,198</b>	<b>1,895,870</b>
<b>Earnings per Share</b>		<b>0.02166</b>	<b>0.01221</b>	<b>0.00868</b>	<b>0.00451</b>

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 September 2021**

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	THOUSANDS OF TURKISH LIRA (TL)	
	CURRENT PERIOD 1 January 2021 - 30 September 2021	PRIOR PERIOD 1 January 2020 - 30 September 2020
<b>I. CURRENT PERIOD PROFIT/LOSS</b>	<b>9,098,457</b>	<b>5,127,245</b>
<b>II. OTHER COMPREHENSIVE INCOME</b>	<b>282,973</b>	<b>1,478,471</b>
<b>2.1 Other Income/Expense Items not to be Recycled to Profit or Loss</b>	<b>84,690</b>	<b>255,908</b>
2.1.1 Revaluation Surplus on Tangible Assets	(5,100)	207,007
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	90,649	66,964
2.1.5 Deferred Taxes on Other Comprehensive Income not to be Recycled to Profit or Loss	(859)	(18,063)
<b>2.2 Other Income/Expense Items to be Recycled to Profit or Loss</b>	<b>198,283</b>	<b>1,222,563</b>
2.2.1 Translation Differences	1,040,577	1,976,859
2.2.2 Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at FVOCI	(821,717)	(153,650)
2.2.3 Gains/losses from Cash Flow Hedges	352,647	190,692
2.2.4 Gains/Losses on Hedges of Net Investments in Foreign Operations	(508,405)	(948,672)
2.2.5 Other Income/Expense Items to be Recycled to Profit or Loss	(59,372)	(24,104)
2.2.6 Deferred Taxes on Other Comprehensive Income to be Recycled to Profit or Loss	194,553	181,438
<b>III. TOTAL COMPREHENSIVE INCOME (I+II)</b>	<b>9,381,430</b>	<b>6,605,716</b>

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 September 2021**

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						
<b>PREVIOUS PERIOD</b> (01/01/2020-30/09/2020)																	
<b>I. Balances at Beginning of Period</b>		4,200,000	11,880	-	772,554	1,423,653	(171,396)	217,096	3,360,170	(414,286)	(963,718)	39,170,872	6,158,841	-	-	53,765,666	
<b>II. Correction made as per TAS 8</b>		-	-	-	-	-	-	73,812	-	204,386	(278,198)	-	-	-	-	-	
2.1. Effect of Corrections		-	-	-	-	-	-	73,812	-	204,386	(278,198)	-	-	-	-	-	
2.2. Effect of Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>III. Adjusted Balances at Beginning of Period (I+II)</b>	5.5	4,200,000	11,880	-	772,554	1,423,653	(171,396)	290,908	3,360,170	(209,900)	(1,241,916)	39,170,872	6,158,841	-	-	53,765,666	
<b>IV. Total Comprehensive Income</b>		-	-	-	-	182,859	-	(122,839)	1,976,859	(121,322)	(632,974)	-	195,888	5,127,245	6,605,716		
<b>V. Capital Increase in Cash</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>VI. Capital Increase from Internal Sources</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>VII. Capital Reserves from Inflation Adjustments to Paid-in Capital</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>VIII. Convertible Bonds</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>IX. Subordinated Liabilities</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>X. Others Changes</b>		-	-	-	-	-	-	-	-	-	-	70,072	-	-	-	70,072	
<b>XI. Profit Distribution</b>		-	-	-	-	-	-	-	-	-	-	6,158,841	(6,158,841)	-	-	-	
11.1 Dividends		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
11.2 Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	6,153,404	(6,153,404)	-	-	-	
11.3 Others		-	-	-	-	-	-	-	-	-	-	5,437	(5,437)	-	-	-	
<b>Balances at end of the period (III+IV...+X+XI)</b>		4,200,000	11,880	-	772,554	1,606,512	(171,396)	168,069	5,337,029	(331,222)	(1,874,890)	45,399,785	195,888	5,127,245	60,441,454		
<b>CURRENT PERIOD</b> (01/01/2021-30/09/2021)																	
<b>I. Balances at Beginning of Period</b>		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	
<b>II. Correction made as per TAS 8</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2.1. Effect of Corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2.2. Effect of Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>III. Adjusted Balances at Beginning of Period (I+II)</b>	5.5	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	
<b>IV. Total Comprehensive Income</b>		-	-	-	-	(17,666)	-	89,073	1,040,577	(657,645)	(184,649)	196,448	(183,165)	9,098,457	9,381,430		
<b>V. Capital Increase in Cash</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>VI. Capital Increase from Internal Sources</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>VII. Capital Reserves from Inflation Adjustments to Paid-in Capital</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>VIII. Convertible Bonds</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>IX. Subordinated Liabilities</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>X. Others Changes</b>		-	-	-	-	-	-	-	-	-	-	22,091	-	-	-	22,091	
<b>XI. Profit Distribution</b>		-	-	-	-	-	-	-	-	-	-	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)	-	-	-	
<b>Balances at end of the period (III+IV...+X+XI)</b>		4,200,000	11,880	-	772,554	1,720,065	(297,937)	250,824	6,426,459	(598,901)	(1,969,458)	51,234,218	13,283	9,098,457	70,861,444		

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 September 2021

STATEMENT OF CASH FLOWS	Footnotes	THOUSANDS OF TURKISH LIRA (TL)	
		CURRENT PERIOD	PRIOR PERIOD
		1 January 2020 30 September 2021	1 January 2020 30 September 2020
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
<b>1.1 Operating profit before changes in operating assets and liabilities</b>	<b>5.6</b>	<b>12,156,912</b>	<b>11,451,973</b>
1.1.1 Interests received		35,298,050	26,227,391
1.1.2 Interests paid		(15,299,539)	(9,371,771)
1.1.3 Dividend received		127,948	18,632
1.1.4 Fees and commissions received		8,068,167	5,561,727
1.1.5 Other income		6,774,013	3,854,133
1.1.6 Collections from previously written-off receivables		663,804	586,116
1.1.7 Cash payments to personnel and service suppliers		(7,472,911)	(6,186,431)
1.1.8 Taxes paid		(2,866,509)	(2,788,386)
1.1.9 Others		(13,136,111)	(6,449,438)
<b>1.2 Changes in operating assets and liabilities</b>	<b>5.6</b>	<b>3,689,817</b>	<b>(4,407,110)</b>
1.2.1 Net (increase) decrease in financial assets measured at FVTPL		1,953,010	(2,224,364)
1.2.2 Net (increase) decrease in due from banks		(5,727,260)	(5,723,254)
1.2.3 Net (increase) decrease in loans		(62,376,987)	(67,281,558)
1.2.4 Net (increase) decrease in other assets		(3,303,169)	(1,333,288)
1.2.5 Net increase (decrease) in bank deposits		3,316,078	(1,291,396)
1.2.6 Net increase (decrease) in other deposits		59,011,935	61,303,074
1.2.7 Net (increase) decrease in financial liabilities measured at FVTPL		-	-
1.2.8 Net increase (decrease) in funds borrowed		4,173,409	8,280,351
1.2.9 Net increase (decrease) in matured payables		-	-
1.2.10 Net increase (decrease) in other liabilities		6,642,801	3,863,325
<b>I. Net cash flow from banking operations</b>	<b>5.6</b>	<b>15,846,729</b>	<b>7,044,863</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>II. Net cash flow from investing activities</b>	<b>5.6</b>	<b>(3,652,509)</b>	<b>(10,152,127)</b>
2.1 Cash paid for purchase of associates, subsidiaries and joint-ventures		(547,840)	(3,588)
2.2 Cash obtained from sale of associates, subsidiaries and joint-ventures		-	-
2.3 Purchases of tangible assets		(299,337)	(447,422)
2.4 Sales of tangible assets		376,501	302,861
2.5 Cash paid for purchase of financial assets measured at FVOCI		(19,688,438)	(14,416,469)
2.6 Cash obtained from sale of financial assets measured at FVOCI		13,585,734	8,791,014
2.7 Cash paid for purchase of financial assets measured at amortised cost		(445,315)	(7,069,640)
2.8 Cash obtained from sale of financial assets measured at amortised cost		3,366,186	2,691,117
2.9 Others		-	-
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III. Net cash flow from financing activities</b>	<b>5.6</b>	<b>(3,267,721)</b>	<b>3,642,825</b>
3.1 Cash obtained from funds borrowed and securities issued		8,163,918	18,531,263
3.2 Cash used for repayment of funds borrowed and securities issued		(10,625,395)	(14,612,676)
3.3 Equity instruments issued		-	-
3.4 Dividends paid		(623,800)	-
3.5 Payments for financial leases		(182,444)	(275,762)
3.6 Others		-	-
<b>IV. Effect of translation differences on cash and cash equivalents</b>	<b>5.6</b>	<b>2,588,461</b>	<b>4,315,507</b>
<b>V. Net increase/(decrease) in cash and cash equivalents (I+II+III+IV)</b>	<b>5.6</b>	<b>11,514,960</b>	<b>4,851,068</b>
<b>VI. Cash and cash equivalents at beginning of period</b>	<b>5.6</b>	<b>49,479,756</b>	<b>37,475,425</b>
<b>VII. Cash and cash equivalents at end of period (V+VI)</b>	<b>5.6</b>	<b>60,994,716</b>	<b>42,326,493</b>

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 2021 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 TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16, effective from 1 January 2021, was published in December 2020 and early implementation of the changes is allowed. 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 need for early application. On the other hand, the process for the Interest Rate Benchmark Reform is ongoing, 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 September 2021, the Bank reflected the possible effects of the COVID-19 outbreak on the estimates and judgments used in the preparation of the financial statements and disclosed in the related accounting policies.

## **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 489,098,857 (31 December 2020: EUR 419,127,526) 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 2,681,138 (31 December 2020: TL 2,172,707), arising from conversion of both foreign currency investments and long term foreign currency borrowings are accounted under Capital Reserves and Other Comprehensive Income/Expense

Items to be Recycled to Profit/Loss, respectively under Equity as of 30 September 2021. There is no ineffective portion arising from net investment hedge accounting.

### **3.3 Investments in associates and subsidiaries**

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 accordance with the Turkish Accounting Standard 28 (TAS 28) for “Investments in Associates and Joint Ventures” through the equity method, the carrying value of financial 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 financial subsidiaries are accounted in the Bank’s Statement of Other Comprehensive Income.

Non-financial subsidiaries and 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.

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.

As of 30 September 2021, due to adverse effects of the COVID-19 outbreak, the Bank has reviewed the valuation of its financial assets whose fair value difference is reflected in Other Comprehensive Income, and deemed that no change is required in the fair valuation measurement as of the reporting date.

#### ***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.

As of 30 September 2021, due to the adverse effects of the COVID-19 outbreak, the Bank has reviewed the valuation of its equity instruments whose fair value difference is recognized in other comprehensive income, and no change is required in the fair valuation measurement as of the reporting date.



### ***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.

As of 30 September 2021, due to the adverse effects of the COVID-19 outbreak, the Bank has reviewed the valuation of its financial assets and liabilities which are measured at fair value through profit or loss, and deemed that no change is required in the fair valuation measurement as of the reporting date.

On the other hand, the Bank has assessed the effects of the COVID-19 outbreak with respect to its financial instruments which are classified in Level 3 as inputs for these instruments are highly dependent on estimates and judgments and deemed that no change is required as of the reporting date.

## **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.

In accordance with the BRSA Decision numbered 9624 dated 17 June 2021, the Bank records a loss allowance for loans which have days past due between 30 to 90 days and classified under Stage 1 at an amount equal to 12-month expected credit losses until 30 September 2021. However, according to the

Bank's risk models, since the number of days past due in such loans exceed 30 days, higher probability of default and loss given default parameters are taken into consideration compared to other loans in Stage 1.

Based on the BRSA's Decision numbered 9795 dated 16 September 2021, loans with a number of days past due between 30 and 90 days after 30 September 2021 will be classified as Stage 2 and a lifetime expected credit loss will be calculated. However, as at 1 October 2021, loans with a number of days past due between 30 and 90 days will continue to be classified as Stage 1 and a 12-month expected credit loss for these loans will be booked.

**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.

In accordance with the BRSA Decision numbered 9624 dated 17 June 2021, the Bank records a loss allowance for loans which have days past due between 90-180 days and classified under Stage 2 at an amount equal to their lifetime expected credit losses where the probability of default is taken into account as 100% until 30 September 2021. According to Bank's risk models, Stage 3 parameters are used for loss given default as well as for the probability of default.

Based on the BRSA's Decision numbered 9795 dated 16 September 2021, loans with a number of days past due between 90 and 180 days after 30 September 2021 will be classified as Stage 3 and a lifetime expected credit loss will be calculated. However, as at 1 October 2021, loans with a number of days past due between 90 and 180 days will continue to be classified as Stage 2 and a lifetime expected credit loss for these loans will be calculated by taking the probability of default into account as 100%.

**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. Moreover, in accordance with the BRSA Decision numbered 9624 dated 17 June 2021, current definition of default in the Bank is based on a more than 180 days past due instead of a 90 days past due until 30 September 2021. Based on the BRSA's Decision numbered 9795 dated 16 September 2021, the definition of default for loans with a number of days past due between 90 and 180 days after 30 September 2021 will be based on the criterion of 90 days past due. However, as at 1 October 2021, the default definition criterion for loans with a number of days past due between 90 and 180 days will continue to be considered as 180 days past due.
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.

As of 30 September 2021, the Bank has revised the cash flow expectations and scenario weights for its commercial and corporate loans, due to the negative effects of the COVID-19 outbreak, and reflected the related effects in its expected credit losses with the best estimation approach.

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 2020 and the Bank continued to calculate expected credit losses provision based on the mentioned updated model during 2021.

#### **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 has assessed the relevant updates for the third quarter in its models.

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.

<b>Date</b>	<b>GDP</b>
31.12.2021	9.0%
31.12.2022	4.0%
31.12.2023	4.5%
31.12.2024	4.0%
31.12.2025	4.0%
31.12.2026	4.0%

### **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 (In accordance with the BRSA Decision numbered 9624 dated 17 June 2021, as of the reporting date loans with an overdue more than 90 days instead of 30 days are taken into consideration until 30 September 2021. Based on the BRSA's Decision numbered 9795 dated 16 September 2021, loans with a number of days past due between 30 and 90 days after 30 September 2021 will be considered as loans overdue more than 30 days. However, as at 1

October 2021, loans with a number of days past due between 30 and 90 days will be considered as loans overdue more than 90 days.)

- 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.

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

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

Useful lives of buildings are reviewed at least once a year and if current estimates are different than previous estimates, then the revised estimates are considered as accounting policy change in accordance with 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:

	<b>30 September 2021</b>	<b>31 December 2020</b>
Net Effective Discount Rate	3.01%	3.01%
Discount Rate	13.00%	13.00%
Expected Rate of Salary Increase	11.20%	11.20%
Inflation Rate	9.70%	9.70%

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 September 2021		31 December 2020	
	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 earnings are subject to corporate tax at the rate of 20% in Turkey; in accordance with the regulation introduced by the Law No. 7316 on the “Procedure for Collection of Public Receivables and the Law Amending Some Laws”, this rate has been determined to be applied as 25% for the corporate earnings for the taxation periods of 2021 and as 23% for the corporate earnings for the taxation periods of 2022. This rate is applied to tax base which is calculated by adding certain non-deductible expenses for tax purposes and deducting certain exemptions (like dividend income) and other deductions on accounting income. If there is no dividend distribution, no further tax charges are made.

Dividends paid to the resident institutions and the institutions working through local offices or representatives 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 is 15%. 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.

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 explained in Note 3.18.1, the corporate tax has been determined as 25% for the corporate earnings for the taxation periods of 2021 and as 23% for the corporate earnings for the taxation periods of 2022. As the deferred tax assets or liabilities within the scope of TAS 12 are calculated based on the tax rates (and tax laws) that are effective or close to be effective as of the end of the reporting period (balance sheet date), using the tax rates expected to be applied in the periods when assets are converted into income or liabilities are paid, as of 30 September 2021, the Bank and evaluated their assets and liabilities according to their maturities and calculated deferred tax at the rate of 25%, 23% or 20% corresponding to the relevant maturities.

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 September 2021, the Bank does not have any government incentives or grants (2020: 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>	<b>Retail Banking</b>	<b>Corporate / Commercial Banking</b>	<b>Investment Banking</b>	<b>Other</b>	<b>Total Operations</b>
Total Operating Profit	11,698,055	10,596,922	(2,903,037)	11,990,295	31,382,235
Other	-	-	-	-	-
<b>Total Operating Profit</b>	<b>11,698,055</b>	<b>10,596,922</b>	<b>(2,903,037)</b>	<b>11,990,295</b>	<b>31,382,235</b>
Net Operating Profit	5,647,959	5,945,479	(2,604,804)	2,574,109	11,562,743
Dividend Income	-	-	-	127,948	127,948
<b>Net Operating Profit</b>	<b>5,647,959</b>	<b>5,945,479</b>	<b>(2,604,804)</b>	<b>2,702,057</b>	<b>11,690,691</b>
Provision for Taxes	-	-	-	2,592,234	2,592,234
<b>Net Profit</b>	<b>5,647,959</b>	<b>5,945,479</b>	<b>(2,604,804)</b>	<b>109,823</b>	<b>9,098,457</b>
Segment Assets	110,433,305	238,870,861	175,998,730	34,155,003	559,457,899
Investments in Associates and Subsidiaries	-	-	-	14,080,100	14,080,100
<b>Total Assets</b>	<b>110,433,305</b>	<b>238,870,861</b>	<b>175,998,730</b>	<b>48,235,103</b>	<b>573,537,999</b>
Segment Liabilities	268,932,335	130,873,632	80,130,279	22,740,309	502,676,555
Shareholders' Equity	-	-	-	70,861,444	70,861,444
<b>Total Liabilities and Shareholders' Equity</b>	<b>268,932,335</b>	<b>130,873,632</b>	<b>80,130,279</b>	<b>93,601,753</b>	<b>573,537,999</b>

<i>Prior Period</i>	<b>Retail Banking</b>	<b>Corporate / Commercial Banking</b>	<b>Investment Banking</b>	<b>Other</b>	<b>Total Operations</b>
Total Operating Profit	8,002,401	8,037,167	5,260,828	6,134,062	27,434,458
Other	-	-	-	-	-
<b>Total Operating Profit</b>	<b>8,002,401</b>	<b>8,037,167</b>	<b>5,260,828</b>	<b>6,134,062</b>	<b>27,434,458</b>
Net Operating Profit	2,861,011	535,213	4,404,568	(873,880)	6,926,912
Dividend Income	-	-	-	18,632	18,632
<b>Net Operating Profit</b>	<b>2,861,011</b>	<b>535,213</b>	<b>4,404,568</b>	<b>(855,248)</b>	<b>6,945,544</b>
Provision for Taxes	-	-	-	1,818,299	1,818,299
<b>Net Profit</b>	<b>2,861,011</b>	<b>535,213</b>	<b>4,404,568</b>	<b>(2,673,547)</b>	<b>5,127,245</b>
Segment Assets	86,910,050	206,600,805	144,986,519	42,882,660	481,380,034
Investments in Associates and Subsidiaries	-	-	-	11,417,786	11,417,786
<b>Total Assets</b>	<b>86,910,050</b>	<b>206,600,805</b>	<b>144,986,519</b>	<b>54,300,446</b>	<b>492,797,820</b>
Segment Liabilities	215,622,818	118,682,843	76,593,778	19,816,658	430,716,097
Shareholders' Equity	-	-	-	62,081,723	62,081,723
<b>Total Liabilities and Shareholders' Equity</b>	<b>215,622,818</b>	<b>118,682,843</b>	<b>76,593,778</b>	<b>81,898,381</b>	<b>492,797,820</b>

### **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 2021, a decision is made regarding distribution of the unconsolidated net profit of the Bank amounting to TL 6,238,003, and the table considering the distribution made based on the decision is presented in Note 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 September 2021</i>	<i>30 September 2020</i>
Distributable net profit	9,098,457	5,127,245
Average number of issued common shares (thousand)	420,000,000	420,000,000
Earnings per share (amounts presented full TL)	0.02166	0.01221

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 2021 (2020: 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**

In order to comply with the Bank's financial position as of 30 September 2021 prepared in accordance with the Uniform Chart of Accounts published on 1 January 2021, a reclassification was performed for the collateral amounts given over the derivative transactions made with foreign banks between cash and cash equivalents and other assets lines as of 31 December 2020 amounting to TL 6,884,709. Based on these classifications, a classification of TL 33,762 was also performed between the interest income on banks and other interest income lines in the profit or loss statement for the relevant period (30 September 2020). The effects of this classifications on the cash flow statement were also updated. Collaterals in foreign non-bank institutions are continued to be recorded under other assets line.

These mentioned classifications did not have any impact on the asset size and performance of the Bank's statement of financial position.

## 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>
<b>COMMON EQUITY TIER I CAPITAL</b>		
Paid-in Capital to be Entitled for Compensation after All Creditors	4,972,554	4,972,554
Share Premium	11,880	11,880
Reserves	51,234,218	45,401,476
Other Comprehensive Income according to TAS	8,522,566	7,716,316
Profit	9,111,740	6,434,451
Current Period’s Profit	9,098,457	6,238,003
Prior Periods’ Profit	13,283	196,448
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	7,636	7,636
<b>Common Equity Tier I Capital Before Deductions</b>	<b>73,860,594</b>	<b>64,544,313</b>
<b>Deductions From Common Equity Tier I Capital</b>		
Valuation adjustments calculated as per the article 9. (i) of the Regulation on Bank Capital	-	-
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	2,978,626	2,160,619
Leasehold Improvements on Operational Leases (-)	97,156	119,670
Goodwill Netted with Deferred Tax Liabilities	-	-
Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights	595,635	433,162
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 (-)	-	-

	<i>Current Period</i>	<i>Prior Period</i>
<b>Total Deductions from Common Equity Tier I Capital</b>	<b>3,671,417</b>	<b>2,713,451</b>
<b>Total Common Equity Tier I Capital</b>	<b>70,189,177</b>	<b>61,830,862</b>
<b>ADDITIONAL TIER I CAPITAL</b>		
Preferred Stock not Included in Common Equity Tier I Capital and the Related Share Premiums	-	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	-	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-	-
<b>Additional Tier I Capital before Deductions</b>	-	-
<b>Deductions from Additional Tier I Capital</b>		
Direct and Indirect Investments of the Bank on its own Additional Tier I Capital (-)	-	-
Investments in Equity Instruments Issued by Banks or Financial Institutions Invested in Bank's Additional Tier I Capital and Having Conditions Stated in the Article 7 of the Regulation	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital (-)	-	-
Other items to be defined by the BRSA (-)	-	-
<b>Items to be Deducted from Tier I Capital during the Transition Period</b>		
Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
Net Deferred Tax Asset/Liability not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
Deduction from Additional Tier I Capital when there is not enough Tier II Capital (-)	-	-
<b>Total Deductions from Additional Tier I Capital</b>	-	-
<b>Total Additional Tier I Capital</b>	-	-
<b>Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)</b>	<b>70,189,177</b>	<b>61,830,862</b>
<b>TIER II CAPITAL</b>		
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	7,636,480	6,537,880
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)	4,980,007	4,211,065
<b>Total Deductions from Tier II Capital</b>	<b>12,616,487</b>	<b>10,748,945</b>
<b>Deductions from Tier II Capital</b>		
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-	-
Investments in Equity Instruments Issued by Banks and Financial Institutions Invested in Bank's Tier II Capital and Having Conditions Stated in the Article 8 of the Regulation	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Other items to be defined by the BRSA (-)	-	-
<b>Total Deductions from Tier II Capital</b>	-	-
<b>Total Tier II Capital</b>	<b>12,616,487</b>	<b>10,748,945</b>
<b>Total Equity (Total Tier I and Tier II Capital)</b>	<b>82,805,664</b>	<b>72,579,807</b>
<b>Total Tier I Capital and Tier II Capital ( Total Equity)</b>		
Loans Granted against the Articles 50 and 51 of the Banking Law	96	82

	<i>Current Period</i>	<i>Prior Period</i>
Other items to be Defined by the BRSA	424	1,802
<b>Items to be Deducted from the Sum of Tier I and Tier II Capital (Capital) During the Transition Period</b>	-	-
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation	-	-
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation	-	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital, of the Net Deferred Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation	-	-
<b>CAPITAL</b>		
<b>Total Capital ( Total of Tier I Capital and Tier II Capital )</b>	<b>82,805,144</b>	<b>72,577,923</b>
<b>Total Risk Weighted Assets</b>	<b>466,094,524</b>	<b>391,512,841</b>
<b>CAPITAL ADEQUACY RATIOS</b>		
<b>CET1 Capital Ratio (%)</b>	15.06	15.79
<b>Tier I Capital Ratio (%)</b>	15.06	15.79
<b>Capital Adequacy Ratio (%)</b>	17.77	18.54
<b>BUFFERS</b>		
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 (%)	9.06	9.79
<b>Amounts Lower Than Excesses as per Deduction Rules</b>		
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	-	-
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital	-	-
Remaining Mortgage Servicing Rights	-	-
Net Deferred Tax Assets arising from Temporary Differences	3,748,585	3,530,898
<b>Limits for Provisions Used in Tier II Capital Calculation</b>		
General Loan Provisions for Exposures in Standard Approach (before limit of one hundred and twenty five per ten thousand)	13,227,008	12,236,754
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	4,980,007	4,211,065
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach	-	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0.6% Risk Weighted Assets	-	-
<b>Debt Instruments Covered by Temporary Article 4 (effective between 1.1.2018-1.1.2022)</b>		
Upper Limit for Additional Tier I Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-
Upper Limit for Additional Tier II Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-

Within the scope of the measures announced by the BRSA on September 16, 2021, in capital adequacy ratio calculation to be carried out until a Banking Regulation and Supervision Agency decision to the contrary is taken, the amount subject to credit risk shall be calculated by using the simple arithmetic average of the Central Bank's foreign exchange buying rates for the last 252 business days before the calculation date.

As of 30 September 2021, the amount subject to credit risk in calculating the regulatory capital adequacy ratio was calculated by taking into account the simple arithmetic average of the Central Bank's foreign exchange buying rates for the last 252 business days before the calculation date. If the specified measure is not taken into account, the capital adequacy ratio decreases to 17.30% as of 30 September 2021.

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: 900148AE7 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.
<b>Regulatory treatment</b>			
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)	6,633 (31 December 2020: 5,535)	253 (31 December 2020: 253)	750 (31 December 2020: 750)
Nominal value of instrument (TL million)	6,633 (31 December 2020: 5,535)	253 (31 December 2020: 253)	750 (31 December 2020: 750)
Accounting classification of the instrument	34701 – Secondary Subordinated Loans	34601– Secondary Subordinated Loans	34601– Secondary Subordinated Loans
Issuance date of instrument	23.05.2017	09.10.2019	14.02.2020
Maturity structure of the instrument (demand/time)	Time	Time	Time
Original maturity of the instrument	24.05.2027	07.10.2029	14.02.2030
Issuer call subject to prior supervisory (BRSA) approval	Yes	Yes	Yes
Optional call date, contingent call dates and redemption amount	24.05.2022 – USD 750,000,000	07.10.2024 – TL 252,880,000	14.02.2025 – TL 750,000,000
Subsequent call dates, if applicable	-	-	-
<b>Interest/dividend payment</b>			
Fixed or floating coupon/dividend payments	Fixed	Floating	Floating
Coupon rate and any related index	6.1250%	TLREF + 130 bps	TLREF + 250 bps
Existence of any dividend payment restriction	None	None	None
Fully discretionary, partially discretionary or mandatory	-	-	-
Existence of step up or other incentive to redeem	None	None	None
Noncumulative or cumulative	None	None	None
Convertible into equity shares	None	None	None
If convertible, conversion trigger (s)	-	-	-
If convertible, fully or partially	-	-	-
If convertible, conversion rate	-	-	-
If convertible, mandatory or optional conversion	-	-	-

If convertible, type of instrument convertible into	-	-	-
If convertible, issuer of instrument to be converted into	-	-	-
Write-down feature	Yes	Yes	Yes
If bonds can be written-down, write-down trigger(s)	Due to the losses incurred, where the Bank is at the point at which the BRSA may determine pursuant to Article 71 of the Banking Law that: (i) its operating license is to be revoked and the Bank is liquidated or (ii) the rights of all of its shareholders (except to dividends), and the management and supervision of the Bank, are to be transferred to the SDIF on the condition that losses are deducted from the capital of existing shareholders (occurrence of either condition means the issuer has become non-viable), or (iii) it is probable that the Issuer will become non-viable; then the bonds can be written-down.	Due to the losses incurred, where the Bank is at the point at which the BRSA may determine pursuant to Article 71 of the Banking Law that: (i) its operating license is to be revoked or(ii) to be determined the probability of transfer to the SDIF Turkey, the bonds can be written off.	Due to the losses incurred, where the Bank is at the point at which the BRSA may determine pursuant to Article 71 of the Banking Law that: (i) its operating license is to be revoked or(ii) to be determined the probability of transfer to the SDIF Turkey, the bonds can be written off.
If bond can be written-down, full or partial	Partially or fully	Partially or fully	Partially or fully
If bond can be written-down, permanent or temporary	Continuously	Continuously	Continuously
If temporary write-down, description of write-up mechanism	There are no any temporary write-up mechanisms.	There are no any temporary write-up mechanisms.	There are no any temporary write-up mechanisms.
Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument)	In priority of receivables, it comes after the senior obligations of the Issuer.	In priority of receivables, it comes after the senior obligations of the Issuer.	In priority of receivables, it comes after the senior obligations of the Issuer.
In compliance with article number 7 and 8 of Regulation on Bank Capital	Instrument is in compliant with Article 8 of the Regulation on Bank Capital.	Instrument is in compliant with Article 8 of the Regulation on Bank Capital.	Instrument is in compliant with Article 8 of the Regulation on Bank Capital.
Details of 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	5,531,052	20,524	5,551,576	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	1,672,952	-	1,672,952	
Other Comprehensive Income/Expense Items to be Recycled to Profit/Loss	3,858,100	20,524	3,878,624	Items not included in the calculation as per Regulation's Article 9-1-f
Profit Reserves	51,234,218	-	51,234,218	
Profit or Loss	9,111,740	-	9,111,740	
Prior Periods' Profit/Loss	13,283	-	13,283	
Current Period Net Profit/Loss	9,098,457	-	9,098,457	
Deductions from Common Equity Tier I Capital (-)	-		692,791	Deductions from Common Equity Tier 1 Capital as per the Regulation
<b>Common Equity Tier I Capital</b>	<b>70,861,444</b>		<b>70,189,177</b>	
Subordinated Debts			-	
Deductions from Tier I Capital (-)			-	Deductions from Tier 1 Capital as per the Regulation
<b>Tier I Capital</b>			<b>70,189,177</b>	
Subordinated Debts			7,636,480	
12 Month ECL (Stage 1) and Lifetime ECL Significant Increase in Credit Risk (Stage 2)			4,980,007	Stage 1 and Stage 2 expected credit losses added to Tier II Capital as per the Regulation's Article 8
Deductions from Tier II Capital (-)			-	Deductions from Tier II Capital as per the Regulation
<b>Tier II Capital</b>			<b>12,616,487</b>	
Deductions from Total Capital (-)			520	Deductions from Capital as per the Regulation
<b>Total</b>			<b>82,805,144</b>	

<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	5,261,362	301,971	5,563,333	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	1,601,545	-	1,601,545	
Other Comprehensive Income/Expense Items to be Recycled to Profit/Loss	3,659,817	301,971	3,961,788	Items not included in the calculation as per Regulation's Article 9-1-f
Profit Reserves	45,401,476	-	45,401,476	
Profit or Loss	6,434,451	-	6,434,451	
Prior Periods' Profit/Loss	196,448	-	196,448	
Current Period Net Profit/Loss	6,238,003	-	6,238,003	
Deductions from Common Equity Tier I Capital (-)	-		552,832	Deductions from Common Equity Tier 1 Capital as per the Regulation
<b>Common Equity Tier I Capital</b>	<b>62,081,723</b>		<b>61,830,862</b>	
Subordinated Debts	-		-	
Deductions from Tier I Capital (-)	-		-	Deductions from Tier 1 Capital as per the Regulation
<b>Tier I Capital</b>	-		<b>61,830,862</b>	
Subordinated Debts			6,537,880	
12 Month ECL (Stage 1) and Lifetime ECL Significant Increase in Credit Risk (Stage 2)			4,211,065	Stage 1 and Stage 2 expected credit losses added to Tier II Capital as per the Regulation's Article 8
Deductions from Tier II Capital (-)			-	Deductions from Tier II Capital as per the Regulation
<b>Tier II Capital</b>			<b>10,748,945</b>	
Deductions from Total Capital (-)			1,884	Deductions from Capital as per the Regulation
<b>Total</b>			<b>72,577,923</b>	

## 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 September 2021, the Bank’s net ‘on balance sheet’ foreign currency short position amounts to TL 55,329,740 (31 December 2020: TL 35,810,911), net ‘off-balance sheet’ foreign currency long position amounts to TL 69,504,227 (31 December 2020: TL 48,393,293), while net foreign currency close position amounts to TL 14,174,487 (31 December 2020: TL 12,582,382).

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
<b>Foreign currency purchase rates at balance sheet date</b>	10.2500	8.8448
<u>Exchange rates for the days before balance sheet date:</u>		
Day 1	10.2600	8.8345
Day 2	10.3090	8.8305
Day 3	10.2730	8.7805
Day 4	10.3250	8.8163
Day 5	10.2360	8.7125

	EUR	USD
<b>Last 30-days arithmetical average rates</b>	10.0353	8.5232

**The Bank's currency risk:**

<i>Current Period</i>	<b>EUR</b>	<b>USD</b>	<b>Other FCs</b>	<b>Total</b>
<b>Assets</b>				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	18,379,551	31,904,150	11,729,905	62,013,606
Banks	3,553,877	8,584,846	2,306,877	14,445,600
Financial Assets Measured at Fair Value through Profit/Loss	137,570	5,014,728	-	5,152,298
Money Market Placements	-	1,796,496	-	1,796,496
Financial Assets Measured at Fair Value through Other Comprehensive Income	818,947	6,078,627	-	6,897,574
Loans (*)	52,935,576	55,461,119	1,798,606	110,195,301
Investments in Associates, Subsidiaries and Joint-Ventures	9,922,403	-	-	9,922,403
Financial Assets Measured at Amortised Cost	341,182	12,850,321	-	13,191,503
Derivative Financial Assets Held for Hedging Purpose	-	23,220	-	23,220
Tangible Assets	-	256	-	256
Intangible Assets	-	-	-	-
Other Assets (**)	377,981	1,539,792	(48,485)	1,869,288
<b>Total Assets</b>	<b>86,467,087</b>	<b>123,253,555</b>	<b>15,786,903</b>	<b>225,507,545</b>
<b>Liabilities</b>				
Bank Deposits	2,504,801	51,942	18,936	2,575,679
Foreign Currency Deposits	63,101,323	117,687,889	5,559,844	186,349,056
Money Market Funds	-	1,337,256	-	1,337,256
Other Fundings (***)	8,305,923	34,273,228	959	42,580,110
Securities Issued (****)	468,002	17,346,193	-	17,814,195
Miscellaneous Payables	749,378	252,091	29,392	1,030,861
Derivative Financial Liabilities Held for Hedging Purpose	35,374	508,843	-	544,217
Other Liabilities (*****)	1,111,778	4,840,558	22,653,575	28,605,911
<b>Total Liabilities</b>	<b>76,276,579</b>	<b>176,298,000</b>	<b>28,262,706</b>	<b>280,837,285</b>
<b>Net 'On Balance Sheet' Position</b>	<b>10,190,508</b>	<b>(53,044,445)</b>	<b>(12,475,803)</b>	<b>(55,329,740)</b>
<b>Net 'Off-Balance Sheet' Position</b>	<b>(1,522,113)</b>	<b>58,703,113</b>	<b>12,323,227</b>	<b>69,504,227</b>
Derivative Financial Assets	8,250,814	91,629,429	14,284,380	114,164,623
Derivative Financial Liabilities	9,772,927	32,926,316	1,961,153	44,660,396
Non-Cash Loans	-	-	-	-
<b>Prior Period</b>				
<b>Total Assets</b>	<b>84,582,594</b>	<b>105,160,102</b>	<b>18,660,123</b>	<b>208,402,819</b>
<b>Total Liabilities</b>	<b>61,602,802</b>	<b>155,714,871</b>	<b>26,896,057</b>	<b>244,213,730</b>
<b>Net 'On Balance Sheet' Position</b>	<b>22,979,792</b>	<b>(50,554,769)</b>	<b>(8,235,934)</b>	<b>(35,810,911)</b>
<b>Net 'Off-Balance Sheet' Position</b>	<b>(15,693,823)</b>	<b>55,884,657</b>	<b>8,202,459</b>	<b>48,393,293</b>
Derivative Financial Assets	8,871,880	86,686,839	12,871,832	108,430,551
Derivative Financial Liabilities	24,565,703	30,802,182	4,669,373	60,037,258
Non-Cash Loans	-	-	-	-

(\*) The foreign currency-indexed loans amounting TL 327,226 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 17,279,802 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 22,521,056.

#### 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>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>5 Years and Over</b>	<b>Non-Interest Bearing (*)</b>	<b>Total</b>
<b>Assets</b>							
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	40,157,496	-	-	-	-	36,744,841	76,902,337
Banks	1,439,765	-	-	-	-	13,567,804	15,007,569
Financial Assets Measured at Fair Value through Profit/Loss	128,698	4,573,346	97,354	157,550	142,504	659,299	5,758,751
Money Market Placements	8,612,000	1,796,434	-	-	-	4,351	10,412,785
Financial Assets Measured at Fair Value through Other Comprehensive Income	2,285,014	8,830,606	8,094,780	6,722,996	5,929,524	5,772,499	37,635,419
Loans	96,482,593	57,221,566	91,184,596	92,891,376	23,332,707	10,201,306	371,314,144
Financial Assets Measured at Amortised Cost	5,362,050	3,901,143	4,662,740	9,175,687	4,346,153	7,379,214	34,826,987
Other Assets (**)	-	-	-	-	-	21,680,007	21,680,007
<b>Total Assets</b>	<b>154,467,616</b>	<b>76,323,095</b>	<b>104,039,470</b>	<b>108,947,609</b>	<b>33,750,888</b>	<b>96,009,321</b>	<b>573,537,999</b>
<b>Liabilities</b>							
Bank Deposits	1,206,747	26,105	-	-	-	2,991,695	4,224,547
Other Deposits	159,381,133	36,173,471	13,679,797	1,078,097	-	170,940,841	381,253,339
Money Market Funds	100,602	-	1,327,347	-	-	10,037	1,437,986
Miscellaneous Payables	-	-	-	-	-	20,234,764	20,234,764
Securities Issued (***)	1,498,386	4,020,699	6,276,666	5,269,811	6,837,712	283,987	24,187,261
Other Fundings	9,870,385	15,324,146	5,291,698	1,837,288	11,293,771	28,509	43,645,797
Other Liabilities	17,435	41,455	140,417	492,633	128,580	97,733,785	98,554,305
<b>Total Liabilities</b>	<b>172,074,688</b>	<b>55,585,876</b>	<b>26,715,925</b>	<b>8,677,829</b>	<b>18,260,063</b>	<b>292,223,618</b>	<b>573,537,999</b>
<b>On Balance Sheet Long Position</b>	<b>-</b>	<b>20,737,219</b>	<b>77,323,545</b>	<b>100,269,780</b>	<b>15,490,825</b>	<b>-</b>	<b>213,821,369</b>
<b>On Balance Sheet Short Position</b>	<b>(17,607,072)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(196,214,297)</b>	<b>(213,821,369)</b>
<b>Off-Balance Sheet Long Position</b>	<b>25,270,785</b>	<b>39,232,653</b>	<b>9,641,532</b>	<b>12,843,398</b>	<b>15,889,481</b>	<b>-</b>	<b>102,877,849</b>
<b>Off-Balance Sheet Short Position</b>	<b>(8,096,667)</b>	<b>(30,163,619)</b>	<b>(16,389,578)</b>	<b>(26,841,713)</b>	<b>(21,505,045)</b>	<b>-</b>	<b>(102,996,622)</b>
<b>Total Position</b>	<b>(432,954)</b>	<b>29,806,253</b>	<b>70,575,499</b>	<b>86,271,465</b>	<b>9,875,261</b>	<b>(196,214,297)</b>	<b>(118,773)</b>

(\*) 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>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>5 Years and Over</b>	<b>Non-Interest Bearing (*)</b>	<b>Total</b>
<b>Assets</b>							
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	21,781,892	-	-	-	-	33,384,697	55,166,589
Banks	1,441,095	-	-	-	-	20,242,314	21,683,409
Financial Assets at Fair Value through Profit/Loss	74,891	138,494	6,488,033	423,590	33,336	349,609	7,507,953
Money Market Placements	8,000,000	-	239,363	-	-	3,937	8,243,300
Financial Assets Measured at Fair Value through Other Comprehensive Income	3,505,043	5,517,551	4,452,790	7,006,655	5,352,619	5,523,820	31,358,478
Loans	69,278,223	33,611,287	105,046,371	80,750,521	16,802,158	9,595,963	315,084,523
Financial Assets Measured at Amortised Cost	3,642,229	2,274,122	10,093,607	8,039,157	4,363,794	5,928,310	34,341,219
Other Assets (**)	147,246	-	-	-	-	19,265,103	19,412,349
<b>Total Assets</b>	<b>107,870,619</b>	<b>41,541,454</b>	<b>126,320,164</b>	<b>96,219,923</b>	<b>26,551,907</b>	<b>94,293,753</b>	<b>492,797,820</b>
<b>Liabilities</b>							
Bank Deposits	193,298	718	-	-	-	711,567	905,583
Other Deposits	140,558,329	32,326,831	8,638,324	2,241,433	-	136,841,095	320,606,012
Money Market Funds	71,748	58	-	-	-	24	71,830
Miscellaneous Payables	-	-	-	-	-	14,824,201	14,824,201
Securities Issued (***)	2,767,896	2,856,407	4,485,170	9,447,694	5,715,164	317,308	25,589,639
Other Fundings	11,594,179	6,364,244	10,517,742	3,089,286	9,831,122	22,733	41,419,306
Other Liabilities	17,897	39,922	104,253	533,275	184,406	88,501,496	89,381,249
<b>Total Liabilities</b>	<b>155,203,347</b>	<b>41,588,180</b>	<b>23,745,489</b>	<b>15,311,688</b>	<b>15,730,692</b>	<b>241,218,424</b>	<b>492,797,820</b>
<b>On Balance Sheet Long Position</b>	<b>-</b>	<b>-</b>	<b>102,574,675</b>	<b>80,908,235</b>	<b>10,821,215</b>	<b>-</b>	<b>194,304,125</b>
<b>On Balance Sheet Short Position</b>	<b>(47,332,728)</b>	<b>(46,726)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(146,924,671)</b>	<b>(194,304,125)</b>
<b>Off-Balance Sheet Long Position</b>	<b>28,880,331</b>	<b>23,142,759</b>	<b>22,279,273</b>	<b>7,853,708</b>	<b>15,555,453</b>	<b>-</b>	<b>97,711,524</b>
<b>Off-Balance Sheet Short Position</b>	<b>(12,863,650)</b>	<b>(16,413,723)</b>	<b>(21,223,904)</b>	<b>(24,726,782)</b>	<b>(22,264,121)</b>	<b>-</b>	<b>(97,492,180)</b>
<b>Total Position</b>	<b>(31,316,047)</b>	<b>6,682,310</b>	<b>103,630,044</b>	<b>64,035,161</b>	<b>4,112,547</b>	<b>(146,924,671)</b>	<b>219,344</b>

(\*) 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>	<b>EUR</b>	<b>USD</b>	<b>JPY</b>	<b>TL</b>
<b>Assets</b>				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	(0.07)	-	-	11.06
Banks	0.25	0.60	-	15.75
Financial Assets Measured at Fair Value through Profit/Loss	2.63	6.24	-	19.49
Money Market Placements	-	0.03	-	18.18
Financial Assets Measured at Fair Value through Other Comprehensive Income	4.14	6.02	-	17.60
Loans	3.89	5.16	-	20.00
Financial Assets Measured at Amortised Cost	1.36	5.20	-	17.26
<b>Liabilities</b>				
Bank Deposits	0.01	-	-	17.82
Other Deposits	0.11	0.19	-	12.90
Money Market Funds	-	0.97	-	11.94
Miscellaneous Payables	-	-	-	-
Securities Issued	5.27	5.76	-	19.38
Other Fundings	2.00	2.49	-	15.76

<i>Prior Period</i>	<b>EUR</b>	<b>USD</b>	<b>JPY</b>	<b>TL</b>
<b>Assets</b>				
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	(0.07)	-	-	5.40
Banks	0.30	0.25	-	14.25
Financial Assets at Fair Value through Profit/Loss	2.53	5.02	-	15.52
Money Market Placements	-	0.08	-	17.96
Financial Assets Measured at Fair Value through Other Comprehensive Income	2.83	6.08	-	15.11
Loans	3.80	5.65	-	15.31
Financial Assets Measured at Amortised Cost	1.39	5.31	-	14.56
<b>Liabilities</b>				
Bank Deposits	0.01	-	-	14.42
Other Deposits	0.14	0.49	-	10.55
Money Market Funds	-	-	-	7.48
Miscellaneous Payables	-	-	-	-
Securities Issued	5.27	5.76	-	15.12
Other Fundings	1.63	2.53	-	9.10

#### 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>		<b>Comparison</b>		
<b>Equity Securities (shares)</b>		<b>Carrying Value</b>	<b>Fair Value<sup>(*)</sup></b>	<b>Market Value</b>
<b>1</b>	<b>Investment in Shares- Grade A</b>	<b>13,925,964</b>	<b>13,895,524</b>	<b>468,496</b>
	Quoted Securities	132,502	132,502	468,496
<b>2</b>	<b>Investment in Shares- Grade B</b>	<b>146,238</b>	<b>120,798</b>	<b>461,654</b>
	Quoted Securities	120,798	120,798	461,654
<b>3</b>	<b>Investment in Shares- Grade C</b>	<b>6,836</b>	-	-
	Quoted Securities	-	-	-
<b>4</b>	<b>Investment in Shares- Grade D</b>	-	-	-
	Quoted Securities	-	-	-
<b>5</b>	<b>Investment in Shares- Grade E</b>	<b>1,014</b>	-	-
	Quoted Securities	-	-	-
<b>6</b>	<b>Investment in Shares- Grade F</b>	<b>48</b>	-	-
	Quoted Securities	-	-	-

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

<i>Prior Period</i>		<b>Comparison</b>		
<b>Equity Securities (shares)</b>		<b>Carrying Value</b>	<b>Fair Value<sup>(*)</sup></b>	<b>Market Value</b>
<b>1</b>	<b>Investment in Shares- Grade A</b>	<b>11,302,321</b>	<b>11,184,644</b>	<b>445,672</b>
	Quoted Securities	91,417	91,417	445,672
<b>2</b>	<b>Investment in Shares- Grade B</b>	<b>108,783</b>	<b>83,342</b>	<b>439,163</b>
	Quoted Securities	83,342	83,342	439,163
<b>3</b>	<b>Investment in Shares- Grade C</b>	<b>5,620</b>	-	-
	Quoted Securities	-	-	-
<b>4</b>	<b>Investment in Shares- Grade D</b>	-	-	-
	Quoted Securities	-	-	-
<b>5</b>	<b>Investment in Shares- Grade E</b>	<b>1,014</b>	-	-
	Quoted Securities	-	-	-
<b>6</b>	<b>Investment in Shares- Grade F</b>	<b>48</b>	-	-
	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 <sup>(*)</sup>	Total	Amount in Tier I Capital <sup>(*)</sup>
1	Private Equity Investments	-	-	-	-	-
2	Quoted Shares	-	168,047	168,047	-	-
3	Other Shares	-	7,197,331	7,197,331	-	-
<b>Total</b>		-	<b>7,365,378</b>	<b>7,365,378</b>	-	-

(\*) 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 <sup>(*)</sup>	Total	Amount in Tier I Capital <sup>(*)</sup>
1	Private Equity Investments	-	-	-	-	-
2	Quoted Shares	-	89,507	89,507	-	-
3	Other Shares	-	5,640,126	5,640,126	-	-
<b>Total</b>		-	<b>5,729,633</b>	<b>5,729,633</b>	-	-

(\*) 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	253,300	253,300	20,264
3	Other Shares	13,826,800	13,181,020	1,054,482
<b>Total</b>		<b>14,080,100</b>	<b>13,434,320</b>	<b>1,074,746</b>

<i>Prior Period</i>		Carrying Value	RWA Total	Minimum Capital Requirement
Portfolio				
1	Private Equity Investments	-	-	-
2	Quoted Shares	174,759	174,759	13,981
3	Other Shares	11,243,027	11,243,027	899,442
<b>Total</b>		<b>11,417,786</b>	<b>11,417,786</b>	<b>913,423</b>

#### 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 policies, 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 monthly 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. Bank Customers’ gold which is bought especially in 2020 and kept as deposit still continues to be an important funding source. Deposits and capital constitute most of TL funding. For the reasons like real person customers cannot use foreign currency credit but are able to deposit foreign currency funds, TL and foreign currency deposit and credit amount may differ. 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”) aren’t used to full extent, unused limits and high quality liquid asset stock is held is kept to use in the case of a liquidity scarcity in market. Also Eurobonds of Republic of Turkey aren’t used to secure funding and kept as reserve to use in the case of a foreign currency liquidity scarcity in market. In TL and foreign currency liquidity management, regulatory ratios, internally set warnings, limits and other liquidity and funding metrics are monitored. During 2021, The Bank turned to sticky consumer deposits to increase of weights Consumer/SME deposits in TL deposits which significantly contributes to liquidity metrics such as the internal stress test.

The Bank keeps a strong liquidity buffer due to possible liquidity risks posed by the pandemic. With this approach, the effect of volatility in the markets due to the adverse effects of COVID-19 outbreak on the Bank’s liquidity need is in minimum level. 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.

An increase in consumer loan demands within the effects of COVID-19 outbreak continues and customers prefers to extend their existing loans maturities. On the other hand, the Banks is well-prepared for similar scenarios that matured loans are not presented as cash inflow in the Bank’s internal liquidity metrics and therefore restructuring loans do not have a negative effect on the liquidity ratios. On the contrary, metrics such as Bank’s Liquidity Coverage Ratio are in extremely healthy level and this liquidity is used for funding the increase in loan demands.

#### **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 5.28% cash, 43.58% deposits in central banks and 51.14% 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 81.16% deposits, 9.49% funds borrowed and money market borrowings, 5.09% 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) <sup>(*)</sup>		Total Weighted Value (Average) <sup>(*)</sup>	
		TL+FC	FC	TL+FC	FC
<b>High-Quality Liquid Assets</b>				<b>137,017,272</b>	<b>64,878,374</b>
1	Total high-quality liquid assets (HQLA)	137,017,272	64,878,374	137,017,272	64,878,374
<b>Cash Outflows</b>					
2	Retail deposits and deposits from small business customers, of which:	273,607,409	148,726,756	25,016,507	14,872,676
3	Stable deposits	46,884,676	-	2,344,234	-
4	Less stable deposits	226,722,733	148,726,756	22,672,273	14,872,676
5	Unsecured wholesale funding, of which:	99,416,752	52,294,609	49,475,480	24,471,802
6	Operational deposits	-	-	-	-
7	Non-operational deposits	81,607,741	50,622,974	37,759,969	22,881,199
8	Unsecured funding	17,809,012	1,671,635	11,715,511	1,590,603
9	Secured wholesale funding			-	-
10	Other cash outflows of which:	178,044,197	55,430,279	27,183,036	19,863,984
11	Outflows related to derivative exposures and other collateral requirements	11,957,135	13,815,521	11,957,135	13,815,521
12	Outflows related to restructured financial instruments	-	-	-	-
13	Payment commitments and other off-balance sheet commitments granted for debts to financial markets	166,087,062	41,614,758	15,225,901	6,048,462
14	Other revocable off-balance sheet commitments and contractual obligations	2,397	2,397	119	119
15	Other irrevocable or conditionally revocable off-balance sheet obligations	17,616,041	17,413,828	880,802	870,691
16	<b>Total Cash Outflows</b>			<b>102,555,944</b>	<b>60,079,272</b>
<b>Cash Inflows</b>					
17	Secured receivables	-	-	-	-
18	Unsecured receivables	38,761,381	15,879,105	28,976,521	14,103,367
19	Other cash inflows	506,752	27,501,297	506,752	27,501,297
20	<b>Total Cash Inflows</b>	<b>39,268,133</b>	<b>43,380,402</b>	<b>29,483,273</b>	<b>41,604,663</b>
21	<b>Total HQLA</b>			<b>137,017,272</b>	<b>64,878,374</b>
22	<b>Total Net Cash Outflows</b>			<b>73,072,671</b>	<b>19,095,473</b>
23	<b>Liquidity Coverage Ratio (%)</b>			<b>187.82</b>	<b>350.57</b>

<sup>(\*)</sup> 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 third quarter of 2021:

<i>Current Period</i>	Highest	Date	Lowest	Date	Average
TL+FC	204.20	07.07.2021	166.79	17.08.2021	187.82
FC	455.17	03.09.2021	253.47	15.07.2021	350.57

<i>Prior Period</i>	<b>Total Unweighted Value (Average) <sup>(*)</sup></b>		<b>Total Weighted Value (Average) <sup>(*)</sup></b>	
	<b>TL+FC</b>	<b>FC</b>	<b>TL+FC</b>	<b>FC</b>
<b>High-Quality Liquid Assets</b>			115,025,954	59,481,266
1 Total high-quality liquid assets (HQLA)	115,025,954	59,481,266	115,025,954	59,481,266
<b>Cash Outflows</b>				
2 Retail deposits and deposits from small business customers, of which:	236,181,502	138,559,703	21,612,360	13,855,970
3 Stable deposits	40,115,799	-	2,005,790	-
4 Less stable deposits	196,065,703	138,559,703	19,606,570	13,855,970
5 Unsecured wholesale funding, of which:	91,259,357	48,150,706	46,128,922	23,186,149
6 Operational deposits	-	-	-	-
7 Non-operational deposits	74,243,380	43,622,672	33,613,977	18,785,802
8 Unsecured funding	17,015,977	4,528,034	12,514,945	4,400,347
9 Secured wholesale funding			-	-
10 Other cash outflows of which:	145,381,803	50,076,913	23,490,030	19,459,753
11 Outflows related to derivative exposures and other collateral requirements	11,225,434	14,245,985	11,225,434	14,245,985
12 Outflows related to restructured financial instruments	-	-	-	-
13 Payment commitments and other off-balance sheet commitments granted for debts to financial markets	134,156,369	35,830,928	12,264,596	5,213,768
14 Other revocable off-balance sheet commitments and contractual obligations	2,207	2,207	109	109
15 Other irrevocable or conditionally revocable off-balance sheet obligations	14,127,372	13,697,912	706,369	684,896
16 <b>Total Cash Outflows</b>			91,937,790	57,186,877
<b>Cash Inflows</b>				
17 Secured receivables	-	-	-	-
18 Unsecured receivables	28,575,307	12,422,517	21,136,076	10,347,300
19 Other cash inflows	1,233,418	24,977,232	1,233,417	24,977,232
20 <b>Total Cash Inflows</b>	29,808,725	37,399,749	22,369,493	35,324,532
21 <b>Total HQLA</b>			<b>115,025,954</b>	<b>59,481,266</b>
22 <b>Total Net Cash Outflows</b>			<b>69,568,297</b>	<b>22,762,422</b>
23 <b>Liquidity Coverage Ratio (%)</b>			<b>165.50</b>	<b>285.68</b>

(\*) 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 2020:

<i>Prior Period</i>	<b>Highest</b>	<b>Date</b>	<b>Lowest</b>	<b>Date</b>	<b>Average</b>
<b>TL+FC</b>	184.93	25.11.2020	151.36	25.10.2020	165.50
<b>FC</b>	452.40	08.12.2020	169.15	24.10.2020	285.68

#### 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
<b>Current Period</b>								
<b>Assets</b>								
Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey	43,221,295	33,681,042	-	-	-	-	-	76,902,337
Banks	13,567,599	1,439,970	-	-	-	-	-	15,007,569
Financial Assets Measured at Fair Value through Profit/Loss	415,492	48	4,501,929	45,060	629,375	166,847	-	5,758,751
Money Market Placements	-	8,616,289	1,796,496	-	-	-	-	10,412,785
Financial Assets Measured at Fair Value through Other Comprehensive Income	375,151	6,357	-	3,782,329	20,949,184	12,522,398	-	37,635,419
Loans	731,773	54,337,505	49,654,731	102,406,489	114,665,145	29,867,889	19,650,612	371,314,144
Financial Assets Measured at Amortised Cost	-	89,040	308,551	2,507,732	23,906,904	8,014,760	-	34,826,987
Other Assets (*)	10,027,503	2,189,718	1,293,948	606,632	1,096,527	1,267,576	5,198,103	21,680,007
<b>Total Assets</b>	<b>68,338,813</b>	<b>100,359,969</b>	<b>57,555,655</b>	<b>109,348,242</b>	<b>161,247,135</b>	<b>51,839,470</b>	<b>24,848,715</b>	<b>573,537,999</b>
<b>Liabilities</b>								
Bank Deposits	2,989,519	1,208,804	26,224	-	-	-	-	4,224,547
Other Deposits	168,662,587	160,328,982	36,678,100	14,465,710	1,111,110	6,850	-	381,253,339
Other Fundings	-	1,283,728	6,152,523	10,860,398	12,372,630	12,976,518	-	43,645,797
Money Market Funds	-	100,730	-	1,337,256	-	-	-	1,437,986
Securities Issued (**)	-	155,746	2,059,970	7,990,165	5,960,375	8,021,005	-	24,187,261
Miscellaneous Payables	20,234,761	3	-	-	-	-	-	20,234,764
Other Liabilities (***)	6,077,000	906,180	1,236,431	628,548	1,418,038	3,873,386	84,414,722	98,554,305
<b>Total Liabilities</b>	<b>197,963,867</b>	<b>163,984,173</b>	<b>46,153,248</b>	<b>35,282,077</b>	<b>20,862,153</b>	<b>24,877,759</b>	<b>84,414,722</b>	<b>573,537,999</b>
<b>Liquidity Gap</b>	<b>(129,625,054)</b>	<b>(63,624,204)</b>	<b>11,402,407</b>	<b>74,066,165</b>	<b>140,384,982</b>	<b>26,961,711</b>	<b>(59,566,007)</b>	<b>-</b>
<b>Net Off-Balance Sheet Position</b>	<b>-</b>	<b>(133,415)</b>	<b>106,105</b>	<b>149,101</b>	<b>470,075</b>	<b>(227,480)</b>	<b>-</b>	<b>364,386</b>
Derivative Financial Assets	-	59,566,650	54,782,553	14,365,826	8,816,570	1,638,667	-	139,170,266
Derivative Financial Liabilities	-	59,700,065	54,676,448	14,216,725	8,346,495	1,866,147	-	138,805,880
Non-Cash Loans	-	16,316,866	2,829,117	3,593,709	259,907	-	181,091,157	204,090,756
<b>Prior Period</b>								
<b>Total Assets</b>	<b>58,816,419</b>	<b>84,217,187</b>	<b>30,754,746</b>	<b>106,583,694</b>	<b>144,671,506</b>	<b>44,294,988</b>	<b>23,459,280</b>	<b>492,797,820</b>
<b>Total Liabilities</b>	<b>155,410,152</b>	<b>145,754,753</b>	<b>40,960,358</b>	<b>29,267,251</b>	<b>25,410,435</b>	<b>21,961,398</b>	<b>74,033,473</b>	<b>492,797,820</b>
<b>Liquidity Gap</b>	<b>(96,593,733)</b>	<b>(61,537,566)</b>	<b>(10,205,612)</b>	<b>77,316,443</b>	<b>119,261,071</b>	<b>22,333,590</b>	<b>(50,574,193)</b>	<b>-</b>
<b>Net Off-Balance Sheet Position</b>	<b>-</b>	<b>(728,625)</b>	<b>(2,207,626)</b>	<b>37,185</b>	<b>462,595</b>	<b>(85,148)</b>	<b>-</b>	<b>(2,521,619)</b>
Derivative Financial Assets	-	62,363,705	39,207,952	15,490,998	5,929,805	1,621,783	-	124,614,243
Derivative Financial Liabilities	-	63,092,330	41,415,578	15,453,813	5,467,210	1,706,931	-	127,135,862
Non-Cash Loans	-	26,794,333	3,876,595	1,870,011	271,319	-	144,931,407	177,743,665

(\*) 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 period is 8.71% (31 December 2020: 8.96%). While the capital increased by 12% mainly as a result of increase in net profits, total risk amount increased by 15%. Therefore, the current period leverage ratio decreased by 25 basis points compared to prior period.

		<i>Current Period</i> (*)	<i>Prior Period</i> (*)
<b>On-balance sheet assets</b>			
1	On-balance sheet items (excluding derivative financial instruments and credit derivatives but including collateral)	566,919,792	497,325,327
2	(Assets deducted in determining Tier I capital)	(674,451)	(545,188)
3	Total on-balance sheet risks (sum of lines 1 and 2)	566,245,341	496,780,139
<b>Derivative financial instruments and credit derivatives</b>			
4	Replacement cost associated with all derivative instruments and credit derivatives	3,930,311	6,739,854
5	Add-on amounts for PFE associated with all derivative instruments and credit derivatives	22,764,692	20,235,044
6	Total risks of derivative financial instruments and credit derivatives (sum of lines 4 to 5)	26,695,003	26,974,898
<b>Securities or commodity financing transactions (SCFT)</b>			
7	Risks from SCFT assets (excluding on-balance sheet)	995,877	247,006
8	Risks from brokerage activities related exposures	-	-
9	Total risks related with securities or commodity financing transactions (sum of lines 7 to 8)	995,877	247,006
<b>Other off-balance sheet transactions</b>			
10	Gross notional amounts of off-balance sheet transactions	203,433,398	167,913,189
11	(Adjustments for conversion to credit equivalent amounts)	(1,618,802)	(2,533,857)
12	Total risks of off-balance sheet items (sum of lines 10 and 11)	201,814,596	165,379,332
<b>Capital and total risks</b>			
13	Tier I capital	69,276,582	61,754,721
14	Total risks (sum of lines 3, 6, 9 and 12)	795,750,817	689,381,375
<b>Leverage ratio</b>			
15	Leverage ratio	8.71	8.96

(\*) 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 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.

The effects of developments in COVID-19 on Bank's risk profile and risk appetite framework are closely monitored within risk measurement, reporting and management processes.

**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) <sup>(*)</sup>	388,268,560	327,533,984	31,061,485
2	Of which standardised approach (SA)	388,268,560	327,533,984	31,061,485
3	Of which internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	10,131,905	9,351,236	810,552
5	Of which standardised approach for counterparty credit risk (SA-CCR)	10,131,905	9,351,236	810,552
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	19,852,209	15,475,634	1,588,177
17	Of which standardised approach (SA)	19,852,209	15,475,634	1,588,177
18	Of which internal model approaches (IMM)	-	-	-
19	Operational risk	47,841,850	39,151,987	3,827,348
20	Of which basic indicator approach	47,841,850	39,151,987	3,827,348
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)	<b>466,094,524</b>	<b>391,512,841</b>	<b>37,287,562</b>

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

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

**4.10.4 Counterparty credit risk**

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

**4.10.5 Securitisations**

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

**4.10.6 Market risk**

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

**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	2,115,513	5,835,784	2,722,172	6,403,283
Central Bank of Turkey	12,773,198	55,025,525	4,274,948	40,444,718
Others	20	1,152,297	2	1,321,466
<b>Total</b>	<b>14,888,731</b>	<b>62,013,606</b>	<b>6,997,122</b>	<b>48,169,467</b>

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

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Unrestricted Demand Deposits	12,773,198	21,344,483	4,274,948	14,434,418
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	-	33,681,042	-	26,010,300
<b>Total</b>	<b>12,773,198</b>	<b>55,025,525</b>	<b>4,274,948</b>	<b>40,444,718</b>

The reserve deposits kept as per the Communiqué No. 2005/1 “Reserve Deposits” of the Central Bank of Turkey in Turkish Lira, foreign currencies and gold, are included in the table above.

##### 5.1.1.2 Banks

	<i>Current Period</i>		<i>Prior Period</i>	
	TL	FC	TL	FC
Banks				
Domestic banks	60,743	352,184	334	124,050
Foreign banks	501,226	14,093,416	253,860	21,305,165
Foreign head offices and branches	-	-	-	-
<b>Total</b>	<b>561,969</b>	<b>14,445,600</b>	<b>254,194</b>	<b>21,429,215</b>

The placements at foreign banks include blocked accounts amounting TL 5,566,911 (31 December 2020: TL 9,311,678) of which TL 223,489 (31 December 2020: TL 2,222,619) kept at the central banks of Malta, TL 259,806 (31 December 2020: TL 201,295) kept at Turkish Republic of Northern Cyprus and TL 5,083,616 (31 December 2020: TL 6,887,764) 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>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
<b>Domestic Transactions</b>	<b>8,616,289</b>	-	<b>8,003,922</b>	-
Central Bank of Turkey	-	-	-	-
Banks	8,616,289	-	8,003,922	-
Others	-	-	-	-
<b>Foreign Transactions</b>	-	<b>1,796,496</b>	-	<b>239,378</b>
Central banks	-	-	-	-
Banks	-	1,796,496	-	239,378
Others	-	-	-	-
<b>Total</b>	<b>8,616,289</b>	<b>1,796,496</b>	<b>8,003,922</b>	<b>239,378</b>

**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>
<b>Current Period</b>				
<b>Balances at Beginning of Period</b>	<b>416,064</b>	-	-	<b>416,064</b>
Additions during the Period (+)	812,188	-	-	812,188
Disposals (-)	(1,115,430)	-	-	(1,115,430)
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	25,936	-	-	25,936
<b>Balances at End of Period</b>	<b>138,758</b>	-	-	<b>138,758</b>

	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
<b>Prior Period</b>				
<b>Balances at Beginning of Period</b>	<b>149,340</b>	-	-	<b>149,340</b>
Additions during the Period (+)	1,500,540	-	-	1,500,540
Disposals (-)	(1,285,501)	-	-	(1,285,501)
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	51,685	-	-	51,685
<b>Balances at End of Period</b>	<b>416,064</b>	-	-	<b>416,064</b>

**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	577,444	262,829	518,067	2,077,532
Equity Securities	29,009	102,708	29,086	54,021
Other Financial Assets (*)	-	4,786,761	31,405	4,797,842
<b>Total</b>	<b>606,453</b>	<b>5,152,298</b>	<b>578,558</b>	<b>6,929,395</b>

(\*) Financial assets measured at fair value through profit or loss include a loan amounting to USD 744,767,301 (31 December 2020: USD 756,288,034) provided to a special purpose entity. As detailed in Note 5.1.8.2, according to 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. After the capital increase, USD 154,885,708 of the related loan, which corresponds to the share of receivables in the Bank, has been paid off.

This loan is classified under financial assets measured at fair value through profit/loss as per TFRS 9. The fair value of this loan is determined by the independent valuation company based on the weighted average of different methodologies (discounted cash flows, similar market multipliers, same sector transaction multipliers, market value and analyst reports). The corresponding loan is considered as Level 3 based on TFRS 13 "Fair Value Measurement" standard.

Valuation techniques considered in the valuation work and any possible changes in the basic assumptions may affect the carrying value of the related asset. For discounted cash flows method, significant unobservable inputs are EBITDA, growth rate and weighted average cost of capital. The estimated fair value of the asset would increase if growth rate and EBITDA are higher and decrease if the weighted average cost of capital is higher. Trading multiples and transaction multiples for the companies operating in the same sector are the other valuation techniques for pricing the assets. Transaction multiples for the companies operating in the same sector are based on similar transactions based on geographical features, industry, size, target market and other factors. Transaction multiples are derived by dividing the enterprise values of the companies to EBITDAs. The estimated fair value of the asset would increase if the multiples were higher and decrease if multiples were lower.

In the case that the growth rate in the assumptions used in the discounted cash flow method in the valuation report is increased by 0.25% / (decreased by 0.25%) and the risk-free return on investment rate is decreased by 0.25% / (increased by 0.25%), assuming that all other variables remain constant, the assets recognized in the financial statements and the profit for the period will increase by approximately TL 89 million (will decrease TL 89 million).

### 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	5,655,069	4,088,334	12,661,189	2,546,991
Assets subject to Repurchase Agreements	76,836	1,002,882	-	-
<b>Total</b>	<b>5,731,905</b>	<b>5,091,216</b>	<b>12,661,189</b>	<b>2,546,991</b>

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

	Current Period	Prior Period
<b>Debt Securities</b>	<b>32,300,271</b>	<b>25,910,988</b>
Quoted at Stock Exchange	32,300,271	25,910,988
Unquoted at Stock Exchange	-	-
<b>Common Shares/Investment Fund</b>	<b>9,314</b>	<b>8,376</b>
Quoted at Stock Exchange	4,491	4,491
Unquoted at Stock Exchange	4,823	3,885
<b>Value Increase/Impairment Losses (-)</b>	<b>5,325,834</b>	<b>5,439,114</b>
<b>Total</b>	<b>37,635,419</b>	<b>31,358,478</b>

Expected losses of TL 36,376 (31 December 2020: TL 121,949) 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	156,448	15,232	372,953	17,972
Swap Transactions	2,062,520	1,942,353	1,616,431	1,887,781
Futures	-	2,043	-	5,315
Options	21,848	63,282	23,701	55,778
Others	-	-	-	-
<b>Total</b>	<b>2,240,816</b>	<b>2,022,910</b>	<b>2,013,085</b>	<b>1,966,846</b>

##### 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	7,498	-	-	-
Cash Flow Hedges	392,970	23,212	447,161	-
Net Foreign Investment Hedges	-	-	-	-
<b>Total</b>	<b>400,468</b>	<b>23,212</b>	<b>447,161</b>	<b>-</b>

As of 30 September 2021, 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	41,726,609	98,000	541,506	35,260,261	26,295	710,133
-TL	2,360,000	74,788	-	3,860,000	26,295	61,946
-FC	39,366,609	23,212	541,506	31,400,261	-	648,187
Cross Currency Swaps	972,645	320,153	73,698	1,153,461	420,866	67,438
-TL	189,837	320,153	-	255,260	420,866	-
-FC	782,808	-	73,698	898,201	-	67,438
Currency Forwards	384,675	5,527	-	-	-	-
-TL	195,119	5,527	-	-	-	-
-FC	189,556	-	-	-	-	-
<b>Total</b>	<b>43,083,929</b>	<b>423,680</b>	<b>615,204</b>	<b>36,413,722</b>	<b>447,161</b>	<b>777,571</b>

**5.1.4.3 Fair value hedge accounting**

<i>Current Period</i>				Net Fair Value Change of Hedging Item		Statement of profit or loss Effect (gains/losses from derivative financial instruments)
Hedging Item	Hedged Item	Type of Risk	Fair Value Change of Hedged Item	Asset	Liability	
Interest Rate Swaps	Fixed-rate commercial loans	Interest rate risk	(8,995)	7,498	(1,614)	11,400
Interest Rate Swaps	Fixed-rate mortgage loans	Interest rate risk	-	-	-	-
Interest Rate Swaps	Fixed-rate securities	Interest rate risk	290,533	-	(310,491)	(349)
Cross Currency Swaps	Fixed-rate securities	Interest rate and foreign currency exchange rate risk	24,380	-	(73,698)	14,893

<i>Prior Period</i>				Net Fair Value Change of Hedging Item		Statement of profit or loss Effect (gains/losses from derivative financial instruments)
Hedging Item	Hedged Item	Type of Risk	Fair Value Change of Hedged Item	Asset	Liability	
Interest Rate Swaps	Fixed-rate commercial loans	Interest rate risk	12,559	-	(27,070)	18,333
Interest Rate Swaps	Fixed-rate mortgage loans	Interest rate risk	-	-	-	20
Interest Rate Swaps	Fixed-rate securities	Interest rate risk	368,153	-	(387,762)	3,358
Cross Currency Swaps	Fixed-rate securities	Interest rate and foreign currency exchange rate risk	3,228	-	(67,438)	(52,891)



**5.1.4.4 Cash flow hedge accounting**

<b>Current Period</b>							
<b>Hedging Item</b>	<b>Hedged Item</b>	<b>Type of Risk</b>	<b>Fair Value Change of Hedged Item</b>		<b>Gains/Losses Accounted under Shareholders' Equity in the Period</b>	<b>Gains/Losses Accounted under Statement of Profit/Loss in the Period</b>	<b>Ineffective Portion (net) Accounted under Statement of Profit/Loss</b>
			<b>Asset</b>	<b>Liability</b>			
Interest Rate Swaps	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates	-	(50,680)	1,353	(33,421)	(10,391)
Interest Rate Swaps	Floating-rate deposit	Cash flow risk resulted from change in market interest rates	90,502	(178,721)	96,138	(66,916)	8,459
Cross Currency Swaps	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	320,153	-	(13,221)	(9,276)	-
Currency Forwards	Mile payments	Cash flow risk resulted from foreign currency exchange rates	5,527	-	5,527	-	-
Spot Position (*)	Expected investment expenditures	Cash flow risk resulted from foreign currency exchange rates	-	-	75,466	-	-
Spot Position (**)	Expected eurobond coupon revenues	Cash flow risk resulted from foreign currency exchange rates	-	-	(43,413)	-	-

(\*) 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 (47,762) and the amount recognized in Equity is TL 73,422.

<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	-	(87,019)	(106,402)	(15,855)	(9,009)
Interest Rate Swaps	Floating-rate deposit	Cash flow risk resulted from change in market interest rates	26,295	(208,282)	(36,543)	(61,559)	(19,436)
Cross Currency Swaps	Floating-rate funds borrowed	Cash flow risk resulted from change in market interest rates and foreign currency exchange rates	420,866	-	(22,079)	(19,599)	-
Spot Position (*)	Mile payments	Cash flow risk resulted from foreign currency exchange rates	-	-	(3,338)	-	-
Spot Position (*)	Expected investment expenditures	Cash flow risk resulted from foreign currency exchange rates	-	-	(24,655)	-	-
Spot Position (**)	Expected eurobond coupon revenues	Cash flow risk resulted from foreign currency exchange rates	-	-	24,655	-	-

(\*) 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 (163,017) and the amount recognized in Equity is TL 131,477.

## 5.1.5 Loans

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

	Current Period		Prior Period	
	Cash Loans	Non-Cash Loans	Cash Loans	Non-Cash Loans
<b>Direct Lendings to Shareholders</b>	-	1,153,564	-	722,425
Corporates	-	1,153,564	-	722,425
Individuals	-	-	-	-
<b>Indirect Lendings to Shareholders</b>	3,017	160,165	106,352	46,804
<b>Loans to Employees</b>	404,632	23	376,633	-
<b>Total</b>	<b>407,649</b>	<b>1,313,752</b>	<b>482,985</b>	<b>769,229</b>

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

Current Period Cash Loans <sup>(*)</sup> <sup>(**)</sup>	Performing Loans	Loans under Follow-up		
		Non-restructured	Restructured	
			Revised Contract Terms	Refinanced
<b>Loans</b>	<b>298,102,263</b>	<b>27,191,821</b>	<b>16,859,282</b>	<b>14,461,483</b>
Working Capital Loans	45,485,297	2,580,721	1,140,512	7,214,289
Export Loans	26,391,506	808,450	102,984	218,583
Import Loans	-	-	-	-
Loans to Financial Sector	10,148,204	102,207	-	-
Consumer Loans	67,177,477	11,829,380	2,904,238	52,142
Credit Cards	38,046,842	4,739,713	427,031	-
Others	110,852,937	7,131,350	12,284,517	6,976,469
<b>Specialization Loans</b>	-	-	-	-
<b>Other Receivables</b>	-	-	-	-
<b>Total</b>	<b>298,102,263</b>	<b>27,191,821</b>	<b>16,859,282</b>	<b>14,461,483</b>

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

(\*\*)As of 30 September 2021, based on the resolution of the BRSA dated 17 June 2021 and numbered 9624; valid until 30 September 2021, the total amount of the loans that continued to be classified as Stage 1 which have past due days between 30 days and 90 days is amounting to TL 240,020.

Prior Period Cash Loans <sup>(*)</sup> <sup>(**)</sup>	Performing Loans	Loans under Follow-up		
		Non-restructured	Restructured	
			Revised Contract Terms	Refinanced
<b>Loans</b>	<b>245,008,958</b>	<b>36,078,494</b>	<b>14,545,750</b>	<b>5,068,189</b>
Working Capital Loans	48,061,611	5,582,329	1,044,559	2,632,728
Export Loans	22,385,308	1,190,085	121,912	134,943
Import Loans	-	-	-	-
Loans to Financial Sector	9,133,209	108,542	540	-
Consumer Loans	47,554,627	15,071,526	2,871,650	40,025
Credit Cards	28,943,815	3,628,390	422,390	-
Others	88,930,388	10,497,622	10,084,699	2,260,493
<b>Specialization Loans</b>	-	-	-	-
<b>Other Receivables</b>	-	-	-	-
<b>Total</b>	<b>245,008,958</b>	<b>36,078,494</b>	<b>14,545,750</b>	<b>5,068,189</b>

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

(\*\*)As of 31 December 2020, based on the resolution of the BRSA dated 27 March 2020 and numbered 8970 and dated 8 December 2020 and numbered 9312, valid from 17 March 2020 until 30 June 2021, the total amount of the loans that continued to be classified as Stage 1 which have past due days between 30 days and 90 days is amounting to TL 176,155.

<i>Current Period</i>	Corporate/ Commercial Loans		Consumer Loans		Total	
	TL	FC	TL	FC	TL	FC
Performing Loans (Stage 1)	128,005,146	73,281,558	96,623,080	192,479	224,628,226	73,474,037
Loans under Follow-up (Stage 2)	10,665,160	29,138,619	18,688,650	20,157	29,353,810	29,158,776
<b>Total Stage 1 and 2 Loans</b>	<b>138,670,306</b>	<b>102,420,177</b>	<b>115,311,730</b>	<b>212,636</b>	<b>253,982,036</b>	<b>102,632,813</b>
Expected Credit losses-Stage 1-2 (-)	2,528,488	7,313,341	1,983,274	990	4,511,762	7,314,331
Total Non-performing Loans (Stage 3)	<b>5,115,235</b>	<b>7,234,087</b>	<b>2,348,798</b>	<b>1,175</b>	<b>7,464,033</b>	<b>7,235,262</b>
Expected Credit losses-Stage 3 (-)	3,978,676	4,483,296	1,676,644	667	5,655,320	4,483,963

<i>Prior Period</i>	Corporate/ Commercial Loans		Consumer Loans		Total	
	TL	FC	TL	FC	TL	FC
Performing Loans (Stage 1)	101,860,295	72,472,341	70,568,515	107,807	172,428,810	72,580,148
Loans under Follow-up (Stage 2)	14,332,038	20,303,992	21,034,699	21,704	35,366,737	20,325,696
<b>Total Stage 1 and 2 Loans</b>	<b>116,192,333</b>	<b>92,776,333</b>	<b>91,603,214</b>	<b>129,511</b>	<b>207,795,547</b>	<b>92,905,844</b>
Expected Credit losses-Stage 1-2 (-)	3,011,972	5,417,680	1,718,989	901	4,730,961	5,418,581
Total Non-performing Loans (Stage 3)	5,549,537	6,555,900	2,277,695	-	7,827,232	6,555,900
Expected Credit losses-Stage 3 (-)	4,175,931	3,477,013	1,466,321	-	5,642,252	3,477,013

	<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)	1,760,419	-	1,980,761	-
Significant Increase in Credit Risk (Stage 2)	-	10,065,674	-	8,168,781

As of 30 September 2021, loans amounting to TL 3,457,294 are benefited as collateral under funding transactions (31 December 2020: TL 3,723,673).

Collaterals received for loans under follow-up;

<i>Current Period</i>	Corporate/ Commercial Loans	Consumer Loans	Credit Cards	Total
	Loans Collateralized by Cash	860,550	64,577	-
Loans Collateralized by Mortgages/Shares/Credit Guarantee Fund Sureties	17,468,361	2,998,364	-	20,466,725
Loans Collateralized by Pledged Assets	5,713,163	212,211	-	5,925,374
Loans Collateralized by Cheques and Notes	33,718	5,052	-	38,770
Loans Collateralized by Other Collaterals	10,962,397	8,259,665	-	19,222,062
Unsecured Loans	3,521,893	3,245,891	5,166,744	11,934,528
<b>Total</b>	<b>38,560,082</b>	<b>14,785,760</b>	<b>5,166,744</b>	<b>58,512,586</b>

<i>Prior Period</i>	Corporate/ Commercial Loans	Consumer Loans	Credit Cards	Total
	Loans Collateralized by Cash	800,981	85,045	-
Loans Collateralized by Mortgages/Shares/Credit Guarantee Fund Sureties	16,507,391	4,420,193	-	20,927,584
Loans Collateralized by Pledged Assets	2,836,699	283,672	-	3,120,371
Loans Collateralized by Cheques and Notes	85,723	8,413	-	94,136
Loans Collateralized by Other Collaterals	10,639,675	12,536,739	-	23,176,414
Unsecured Loans	2,787,983	649,139	4,050,780	7,487,902
<b>Total</b>	<b>33,658,452</b>	<b>17,983,201</b>	<b>4,050,780</b>	<b>55,692,433</b>

Delinquency periods of loans under follow-up;

<i>Current Period (*)</i>	<b>Corporate/ Commercial Loans</b>	<b>Consumer Loans</b>	<b>Credit Cards</b>	<b>Total</b>
31-60 days	186,811	720,947	146,064	1,053,822
61-90 days	213,880	414,959	103,872	732,711
Others	38,159,391	13,649,854	4,916,808	56,726,053
<b>Total</b>	<b>38,560,082</b>	<b>14,785,760</b>	<b>5,166,744</b>	<b>58,512,586</b>

(\*) As of 30 September 2021, based on the resolution of the BRSA dated 17 June 2021 and numbered 9624; valid until 30 September 2021, the total amount of the loans that continued to be classified as Stage 2 which have past due days between 90 days and 180 days is amounting to TL 1,739,492.

<i>Prior Period (*)</i>	<b>Corporate/ Commercial Loans</b>	<b>Consumer Loans</b>	<b>Credit Cards</b>	<b>Total</b>
31-60 days	202,962	642,567	109,308	954,837
61-90 days	196,168	252,004	48,359	496,531
Others	33,259,322	17,088,630	3,893,113	54,241,065
<b>Total</b>	<b>33,658,452</b>	<b>17,983,201</b>	<b>4,050,780</b>	<b>55,692,433</b>

(\*) As of 31 December 2020, based on the resolution of the BRSA dated 17 March 2020 and numbered 8948 and dated 8 December 2020 and numbered 9312; starting from 17 March 2020 until 30 June 2021, the total amount of the loans that continued to be classified as stage 2 which have past due days between 90 days and 180 days is amounting to TL 1,300,763.

#### **5.1.5.3 Maturity analysis of cash loans**

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

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

<i>Current Period</i>	<b>Short-Term</b>	<b>Medium and Long-Term</b>	<b>Total</b>
<b>Consumer Loans – TL</b>	<b>2,217,970</b>	<b>75,786,955</b>	<b>78,004,925</b>
Housing Loans	33,209	24,471,967	24,505,176
Automobile Loans	281,311	2,483,764	2,765,075
General Purpose Loans	1,903,450	48,831,224	50,734,674
Other	-	-	-
<b>Consumer Loans – FC-indexed</b>	<b>-</b>	<b>121,769</b>	<b>121,769</b>
Housing Loans	-	121,769	121,769
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
<b>Consumer Loans – FC</b>	<b>405</b>	<b>68,010</b>	<b>68,415</b>
Housing Loans	-	43,218	43,218
Automobile Loans	363	13,992	14,355
General Purpose Loans	42	10,800	10,842
Other	-	-	-
<b>Retail Credit Cards – TL</b>	<b>33,031,765</b>	<b>207,213</b>	<b>33,238,978</b>
With Installment	15,244,154	207,213	15,451,367
Without Installment	17,787,611	-	17,787,611
<b>Retail Credit Cards – FC</b>	<b>142,249</b>	<b>-</b>	<b>142,249</b>
With Installment	-	-	-
Without Installment	142,249	-	142,249
<b>Personnel Loans – TL</b>	<b>27,506</b>	<b>181,950</b>	<b>209,456</b>
Housing Loan	-	438	438
Automobile Loans	-	-	-
General Purpose Loans	27,506	181,512	209,018
Other	-	-	-
<b>Personnel Loans - FC-indexed</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
<b>Personnel Loans – FC</b>	<b>222</b>	<b>-</b>	<b>222</b>
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	222	-	222
Other	-	-	-
<b>Personnel Credit Cards – TL</b>	<b>177,635</b>	<b>517</b>	<b>178,152</b>
With Installment	61,821	517	62,338
Without Installment	115,814	-	115,814
<b>Personnel Credit Cards – FC</b>	<b>1,750</b>	<b>-</b>	<b>1,750</b>
With Installment	-	-	-
Without Installment	1,750	-	1,750
<b>Deposit Accounts– TL (Real persons)</b>	<b>3,543,398</b>	<b>-</b>	<b>3,543,398</b>
<b>Deposit Accounts– TL (Personnel)</b>	<b>15,052</b>	<b>-</b>	<b>15,052</b>
<b>Deposit Accounts– FC (Real persons)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>39,157,952</b>	<b>76,366,414</b>	<b>115,524,366</b>

<i>Prior Period</i>	<b>Short-Term</b>	<b>Medium and Long-Term</b>	<b>Total</b>
<b>Consumer Loans – TL</b>	<b>1,312,986</b>	<b>61,142,502</b>	<b>62,455,488</b>
Housing Loans	18,390	21,264,889	21,283,279
Automobile Loans	150,350	1,941,950	2,092,300
General Purpose Loans	1,144,246	37,935,663	39,079,909
Other	-	-	-
<b>Consumer Loans – FC-indexed</b>	<b>-</b>	<b>148,475</b>	<b>148,475</b>
Housing Loans	-	148,475	148,475
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
<b>Consumer Loans – FC</b>	<b>29</b>	<b>68,908</b>	<b>68,937</b>
Housing Loans	-	40,814	40,814
Automobile Loans	-	16,709	16,709
General Purpose Loans	29	11,385	11,414
Other	-	-	-
<b>Retail Credit Cards – TL</b>	<b>25,699,907</b>	<b>290,857</b>	<b>25,990,764</b>
With Installment	12,675,471	290,857	12,966,328
Without Installment	13,024,436	-	13,024,436
<b>Retail Credit Cards – FC</b>	<b>59,737</b>	<b>-</b>	<b>59,737</b>
With Installment	-	-	-
Without Installment	59,737	-	59,737
<b>Personnel Loans – TL</b>	<b>38,381</b>	<b>179,691</b>	<b>218,072</b>
Housing Loan	-	808	808
Automobile Loans	-	-	-
General Purpose Loans	38,381	178,883	217,264
Other	-	-	-
<b>Personnel Loans - FC-indexed</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
<b>Personnel Loans – FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
<b>Personnel Credit Cards – TL</b>	<b>142,946</b>	<b>613</b>	<b>143,559</b>
With Installment	50,521	613	51,134
Without Installment	92,425	-	92,425
<b>Personnel Credit Cards – FC</b>	<b>837</b>	<b>-</b>	<b>837</b>
With Installment	-	-	-
Without Installment	837	-	837
<b>Deposit Accounts– TL (Real persons)</b>	<b>2,632,691</b>	<b>-</b>	<b>2,632,691</b>
<b>Deposit Accounts– TL (Personnel)</b>	<b>14,165</b>	<b>-</b>	<b>14,165</b>
<b>Deposit Accounts– FC (Real persons)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>29,901,679</b>	<b>61,831,046</b>	<b>91,732,725</b>

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

<i>Current Period</i>	Short-Term	Medium and Long-Term	Total
<b>Installment-based Commercial Loans – TL</b>	<b>1,307,333</b>	<b>15,134,297</b>	<b>16,441,630</b>
Real Estate Loans	2,542	809,725	812,267
Automobile Loans	412,246	6,721,781	7,134,027
General Purpose Loans	892,545	7,602,791	8,495,336
Other	-	-	-
<b>Installment-based Commercial Loans - FC-indexed</b>	<b>-</b>	<b>150,267</b>	<b>150,267</b>
Real Estate Loans	-	39,150	39,150
Automobile Loans	-	10,137	10,137
General Purpose Loans	-	100,980	100,980
Other	-	-	-
<b>Installment-based Commercial Loans – FC</b>	<b>1,192</b>	<b>448,824</b>	<b>450,016</b>
Real Estate Loans	-	-	-
Automobile Loans	1,192	361,717	362,909
General Purpose Loans	-	87,107	87,107
Other	-	-	-
<b>Corporate Credit Cards – TL</b>	<b>9,383,831</b>	<b>227,093</b>	<b>9,610,924</b>
With Installment	4,423,292	227,093	4,650,385
Without Installment	4,960,539	-	4,960,539
<b>Corporate Credit Cards – FC</b>	<b>41,533</b>	<b>-</b>	<b>41,533</b>
With Installment	-	-	-
Without Installment	41,533	-	41,533
<b>Deposit Accounts– TL (Corporates)</b>	<b>2,650,902</b>	<b>-</b>	<b>2,650,902</b>
<b>Deposit Accounts– FC (Corporates)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>13,384,791</b>	<b>15,960,481</b>	<b>29,345,272</b>

<i>Prior Period</i>	Short-Term	Medium and Long-Term	Total
<b>Installment-based Commercial Loans – TL</b>	<b>1,201,606</b>	<b>10,357,196</b>	<b>11,558,802</b>
Real Estate Loans	797	684,036	684,833
Automobile Loans	322,558	3,238,507	3,561,065
General Purpose Loans	878,251	6,434,653	7,312,904
Other	-	-	-
<b>Installment-based Commercial Loans - FC-indexed</b>	<b>-</b>	<b>352,872</b>	<b>352,872</b>
Real Estate Loans	-	47,604	47,604
Automobile Loans	-	50,229	50,229
General Purpose Loans	-	255,039	255,039
Other	-	-	-
<b>Installment-based Commercial Loans – FC</b>	<b>2,937</b>	<b>269,152</b>	<b>272,089</b>
Real Estate Loans	-	-	-
Automobile Loans	2,937	180,419	183,356
General Purpose Loans	-	88,733	88,733
Other	-	-	-
<b>Corporate Credit Cards – TL</b>	<b>6,532,632</b>	<b>248,274</b>	<b>6,780,906</b>
With Installment	3,209,845	248,274	3,458,119
Without Installment	3,322,787	-	3,322,787
<b>Corporate Credit Cards – FC</b>	<b>18,792</b>	<b>-</b>	<b>18,792</b>
With Installment	-	-	-
Without Installment	18,792	-	18,792
<b>Deposit Accounts– TL (Corporates)</b>	<b>1,739,236</b>	<b>-</b>	<b>1,739,236</b>
<b>Deposit Accounts– FC (Corporates)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>9,495,203</b>	<b>11,227,494</b>	<b>20,722,697</b>



**5.1.5.6 Allocation of loans by customers**

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

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

	<i>Current Period</i>	<i>Prior Period</i>
Domestic Loans	354,060,726	297,936,898
Foreign Loans	2,554,123	2,764,493
<b>Total</b>	<b>356,614,849</b>	<b>300,701,391</b>

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

**5.1.5.8 Loans to associates and subsidiaries**

	<i>Current Period</i>	<i>Prior Period</i>
Direct Lending	3,107,257	3,341,934
Indirect Lending	-	-
<b>Total</b>	<b>3,107,257</b>	<b>3,341,934</b>

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

	<i>Current Period</i>	<i>Prior Period</i>
Substandard Loans - Limited Collectibility	16,131	22,682
Doubtful Loans	653,058	436,042
Uncollectible Loans	9,470,094	8,660,541
<b>Total</b>	<b>10,139,283</b>	<b>9,119,265</b>

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

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

	<b>Group III</b>	<b>Group IV</b>	<b>Group V</b>
	<b>Substandard Loans</b>	<b>Doubtful Loans</b>	<b>Uncollectible Loans</b>
<b>Current Period</b>			
(Gross Amounts before Provisions)	2,255	421,547	5,998,872
Restructured Loans and Receivables	2,255	421,547	5,998,872
<b>Prior Period</b>			
(Gross Amounts before Provisions)	20,463	287,105	3,747,246
Restructured Loans and Receivables	20,463	287,105	3,747,246

**Movements in non-performing loans groups**

<i>Current Period</i>	<b>Group III</b>	<b>Group IV</b>	<b>Group V</b>
	<b>Substandard Loans</b>	<b>Doubtful Loans</b>	<b>Uncollectible Loans</b>
<b>Balances at End of Prior Period</b>	<b>85,292</b>	<b>832,276</b>	<b>13,465,564</b>
Additions (+)	61,170	1,620,201	375,802
Transfer from Other NPL Categories (+)	-	144,917	1,112,327
Transfer to Other NPL Categories (-)	144,917	1,112,327	-
Collections during the Period (-)	14,416	313,712	1,453,904
Write down / Write-offs (-) <sup>(*) (**)</sup>	-	-	1,131,520
Debt Sale (-)	-	-	88,557
Corporate and Commercial Loans	-	-	88,389
Retail Loans	-	-	-
Credit Cards	-	-	168
Other	-	-	-
Foreign Currency Differences	45,200	11,609	1,204,290
<b>Balances at End of Period</b>	<b>32,329</b>	<b>1,182,964</b>	<b>13,484,002</b>
Provisions (-)	16,131	653,058	9,470,094
<b>Net Balance on Balance Sheet</b>	<b>16,198</b>	<b>529,906</b>	<b>4,013,908</b>

<i>Prior Period</i>	<b>Group III</b>	<b>Group IV</b>	<b>Group V</b>
	<b>Substandard Loans</b>	<b>Doubtful Loans</b>	<b>Uncollectible Loans</b>
<b>Balances at End of Prior Period</b>	<b>1,984,530</b>	<b>5,110,985</b>	<b>10,203,466</b>
Additions (+)	668,478	954,337	473,883
Transfer from Other NPL Categories (+)	-	2,438,151	6,980,855
Transfer to Other NPL Categories (-)	2,438,151	6,980,855	-
Collections during the Period (-)	130,598	956,497	1,768,249
Write down / Write-offs (-) <sup>(*) (**)</sup>	-	3	4,015,201
Debt Sale (-) <sup>(***)</sup>	-	-	6,037
Corporate and Commercial Loans	-	-	5,957
Retail Loans	-	-	-
Credit Cards	-	-	80
Other	-	-	-
Foreign Currency Differences	1,033	266,158	1,596,847
<b>Balances at End of Period</b>	<b>85,292</b>	<b>832,276</b>	<b>13,465,564</b>
Provisions (-)	22,682	436,042	8,660,541
<b>Net Balance on Balance Sheet</b>	<b>62,610</b>	<b>396,234</b>	<b>4,805,023</b>

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

(\*\*) As of 30 September 2021, the non-performing loan ratio of the Bank decreased from 4.25% (31 December 2020: %5.77), to 3.96% (31 December 2020: %4.56) after the loans during the period were written-down, in accordance with the amendment on the relevant Provisions Regulation.

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

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

	Group III	Group IV	Group V
	Substandard Loans and Receivables	Doubtful Loans and Receivables	Uncollectible Loans and Receivables
<b><i>Current Period</i></b>			
<b>Balance at End of Period</b>	-	<b>196,495</b>	<b>7,830,842</b>
Provisions (-)	-	132,424	5,000,272
<b>Net Balance at Balance Sheet</b>	-	<b>64,071</b>	<b>2,830,570</b>
<b><i>Prior Period</i></b>			
<b>Balance at End of Period</b>	<b>31,306</b>	<b>108,749</b>	<b>7,294,576</b>
Provisions (-)	5,303	97,531	4,056,369
<b>Net Balance at Balance Sheet</b>	<b>26,003</b>	<b>11,218</b>	<b>3,238,207</b>

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

	Group III	Group IV	Group V
	Substandard Loans	Doubtful Loans	Uncollectible Loans
<b>Current Period (Net)</b>	<b>16,198</b>	<b>529,906</b>	<b>4,013,908</b>
Loans to Individuals and Corporates (Gross)	32,329	1,182,964	13,484,002
Provision (-)	16,131	653,058	9,470,094
Loans to Individuals and Corporates (Net)	16,198	529,906	4,013,908
Banks (Gross)	-	-	-
Provision (-)	-	-	-
Banks (Net)	-	-	-
Other loans (gross)	-	-	-
Provision (-)	-	-	-
Other Loans (Net)	-	-	-
<b>Prior Period (Net)</b>	<b>62,610</b>	<b>396,234</b>	<b>4,805,023</b>
Loans to Individuals and Corporates (Gross)	85,292	832,276	13,465,564
Provision (-)	22,682	436,042	8,660,541
Loans to Individuals and Corporates (Net)	62,610	396,234	4,805,023
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 Loans	Doubtful Loans	Uncollectible Loans
<b>Current Period (Net)</b>	<b>832</b>	<b>61,763</b>	<b>183,921</b>
<b>Interest accruals and valuation differences</b>	1,554	127,590	554,895
Provision (-)	722	65,827	370,974
<b>Prior Period (Net)</b>	<b>3,442</b>	<b>28,808</b>	<b>190,085</b>
<b>Interest accruals and valuation differences</b>	4,451	43,767	519,377
Provision (-)	1,009	14,959	329,292

**Collaterals received for non-performing loans**

<i>Current Period</i>	Corporate/ Commercial Loans	Consumer Loans	Credit Cards	Total
Loans Collateralized by Cash	8,444	162	-	8,606
Loans Collateralized by Mortgages	6,810,379	193,128	-	7,003,507
Loans Collateralized by Pledged Assets	1,590,916	34,208	-	1,625,124
Loans Collateralized by Cheques and Notes	144,907	2,828	-	147,735
Loans Collateralized by Other Collaterals	1,608,947	1,390,080	-	2,999,027
Unsecured Loans	1,949,410	188,929	776,957	2,915,296
<b>Total</b>	<b>12,113,003</b>	<b>1,809,335</b>	<b>776,957</b>	<b>14,699,295</b>

<i>Prior Period</i>	Corporate/ Commercial Loans	Consumer Loans	Credit Cards	Total
Loans Collateralized by Cash	15,438	373	-	15,811
Loans Collateralized by Mortgages	7,673,133	227,732	-	7,900,865
Loans Collateralized by Pledged Assets	1,443,293	37,793	-	1,481,086
Loans Collateralized by Cheques and Notes	138,457	2,975	-	141,432
Loans Collateralized by Other Collaterals	1,549,781	1,309,329	-	2,859,110
Unsecured Loans	1,037,713	159,035	788,080	1,984,828
<b>Total</b>	<b>11,857,815</b>	<b>1,737,237</b>	<b>788,080</b>	<b>14,383,132</b>

**5.1.5.11 Expected credit loss for loans**

<i>Current Period</i>	Stage 1	Stage 2	Stage 3	Total
<b>Balances at End of Prior Period</b>	<b>1,980,761</b>	<b>8,168,781</b>	<b>9,119,265</b>	<b>19,268,807</b>
Additions during the Period (+)	2,359,230	5,863,716	1,712,394	9,935,340
Disposals (-)	(3,394,295)	(3,349,252)	(934,250)	(7,677,797)
Debt Sales (-)	-	-	(88,554)	(88,554)
Write-offs (-)	-	-	(1,131,520)	(1,131,520)
Transfer to Stage1	1,215,649	(1,214,638)	(1,011)	-
Transfer to Stage 2	(456,002)	456,002	-	-
Transfer to Stage 3	(1,113)	(744,075)	745,188	-
Foreign Currency Differences	56,189	885,140	717,771	1,659,100
<b>Balances at End of Period</b>	<b>1,760,419</b>	<b>10,065,674</b>	<b>10,139,283</b>	<b>21,965,376</b>

<i>Prior Period</i>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
<b>Balances at End of Prior Period</b>	<b>1,088,983</b>	<b>3,861,963</b>	<b>10,738,342</b>	<b>15,689,288</b>
Additions during the Period (+)	3,031,839	7,842,126	2,149,156	13,023,121
Disposals (-)	(2,910,181)	(3,156,400)	(1,296,723)	(7,363,304)
Debt Sales (-)	-	-	(5,767)	(5,767)
Write-offs (-)	-	-	(4,015,191)	(4,015,191)
Transfer to Stage 1	1,091,226	(1,089,912)	(1,314)	-
Transfer to Stage 2	(437,871)	437,871	-	-
Transfer to Stage 3	(3,363)	(507,898)	511,261	-
Foreign Currency Differences	120,128	781,031	1,039,501	1,940,660
<b>Balances at End of Period</b>	<b>1,980,761</b>	<b>8,168,781</b>	<b>9,119,265</b>	<b>19,268,807</b>

#### **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>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Collateralised/Blocked Investments	9,219,602	7,242,880	11,311,663	5,035,602
Investments subject to Repurchase Agreements	23,492	783,034	74,625	-
<b>Total</b>	<b>9,243,094</b>	<b>8,025,914</b>	<b>11,386,288</b>	<b>5,035,602</b>

##### **5.1.7.2 Government securities measured at amortised cost**

	<i>Current Period</i>	<i>Prior Period</i>
Government Bonds	33,327,993	33,066,329
Treasury Bills	93,847	95,253
Other Government Securities	-	-
<b>Total</b>	<b>33,421,840</b>	<b>33,161,582</b>

##### **5.1.7.3 Financial assets measured at amortised cost**

	<i>Current Period</i>	<i>Prior Period</i>
<b>Debt Securities</b>	<b>28,102,635</b>	<b>28,770,189</b>
Quoted at Stock Exchange	26,620,520	27,605,817
Unquoted at Stock Exchange	1,482,115	1,164,372
<b>Valuation Increase/(Decrease)</b>	<b>6,724,352</b>	<b>5,571,030</b>
<b>Total</b>	<b>34,826,987</b>	<b>34,341,219</b>

**5.1.7.4 Movement of financial assets measured at amortised cost**

	<i>Current Period</i>	<i>Prior Period</i>
<b>Balances at Beginning of Period</b>	<b>34,341,219</b>	<b>28,616,918</b>
Foreign Currency Differences On Monetary Assets	2,253,317	2,114,059
Purchases during the Period	445,315	7,300,654
Disposals through Sales/Redemptions	(3,366,186)	(3,251,006)
Valuation Effect	1,153,322	(439,406)
<b>Balances at End of Period</b>	<b>34,826,987</b>	<b>34,341,219</b>

**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>
<b>Balances at End of Prior Period</b>	<b>177,816</b>	-	-	<b>177,816</b>
Additions during the Period (+)	6,092	-	-	6,092
Disposal (-)	(146,570)	-	-	(146,570)
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Foreign Currency Differences	7,262	-	-	7,262
<b>Balances at End of Period</b>	<b>44,600</b>	-	-	<b>44,600</b>

<i>Prior Period</i>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
<b>Balances at End of Prior Period</b>	<b>124,434</b>	-	-	<b>124,434</b>
Additions during the Period (+)	253,815	-	-	253,815
Disposal (-)	(219,538)	-	-	(219,538)
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Foreign Currency Differences	19,105	-	-	19,105
<b>Balances at End of Period</b>	<b>177,816</b>	-	-	<b>177,816</b>

**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>
<b>End of Prior Period</b>		
<b>Cost</b>	<b>779,713</b>	<b>1,010,245</b>
<b>Accumulated Depreciation (-)</b>	<b>(11,680)</b>	<b>(12,171)</b>
<b>Net Book Value</b>	<b>768,033</b>	<b>998,074</b>
<b>End of Current Period</b>		
Additions	117,674	158,576
Disposals (Cost)	(344,740)	(414,172)
Disposals (Accumulated Depreciation)	1,395	491
Impairment Losses	15,233	25,064
Depreciation Expense for Current Period (-)	-	-
<b>Cost</b>	<b>567,880</b>	<b>779,713</b>
<b>Accumulated Depreciation (-)</b>	<b>(10,285)</b>	<b>(11,680)</b>
<b>Net Book Value</b>	<b>557,595</b>	<b>768,033</b>

**5.1.8.2 Investments in subsidiaries and associates to be disposed**

	<i>Current Period</i>	<i>Prior Period</i>
<b>End of Prior Period</b>		
Cost	<b>881,140</b>	<b>881,140</b>
Impairment Losses (-)	<b>(881,140)</b>	<b>(587,940)</b>
Net Book Value	-	<b>293,200</b>
<b>End of Current Period</b>		
Additions	-	-
Disposals (Cost)	-	-
Disposals (Accumulated Depreciation)	-	-
Impairment Losses (-)	-	(293,200)
Depreciation Expense for Current Period	-	-
Cost (*)	<b>881,140</b>	<b>881,140</b>
Impairment Losses (-)	<b>(881,140)</b>	<b>(881,140)</b>
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.

The main purpose of the lending banks is to transfer the shares of Türk Telekom to an expert investor after the necessary conditions are met. For this purpose, on 19 September 2019, an international investment bank was authorized as a sales consultant, and in this context necessary actions related to sales will be taken and negotiations with potential investors started within the framework of an active sales plan.

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

	Total Assets	Shareholders ' Equity	Total Fixed Assets <sup>(*)</sup>	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value
1	348,299	288,916	95,129	16,392	-	53,975	19,616	-
2	2,131,786	212,772	13,559	7,056	1,620	45,068	18,842	-
3	29,749,758	2,776,841	122,472	340,985	55,428	430,626	233,081	-
4	27,906,549	4,570,511	604,597	125,954	-	1,242,390	794,074	-
5	491,082	318,839	295,793	8,252	273	26,499	33,800	-
6	1,243,995,280	42,698,108	942,523	38,171,968	8,018,011	34,497,932	44,732,807	-
7	963,634	560,910	30,717	44,582	-	95,447	55,708	-
8	34,773	27,961	26,022	487	-	2,467	6,146	-
9	51,021	50,248	757	985	146	248	-	-

(1) Financial information is as of 30 June 2021.

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

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

### 5.1.9.2 Movement of investments in associates

	Current Period	Prior Period
<b>Balance at Beginning of Period</b>	<b>45,780</b>	<b>35,158</b>
<b>Movements during the Period</b>	<b>1,217</b>	<b>10,622</b>
Acquisitions	-	6,921
Bonus Shares Received	-	5,782
Dividends from Current Year Profit	-	-
Sales	-	-
Increase in Market Values	-	-
Impairment Reversals/(Losses)	1,217	(2,081)
<b>Balance at End of Period</b>	<b>46,997</b>	<b>45,780</b>
<b>Capital Commitments</b>	-	-
<b>Share Percentage at the End of Period (%)</b>	-	-



**5.1.9.3 Sectoral distribution of investments and associates**

<b>Investments in Associates</b>	<b>Current Period</b>	<b>Prior Period</b>
Banks	25,557	25,557
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	10,101	10,101
Other Associates	11,339	10,122

**5.1.9.4 Quoted associates**

None.

**5.1.9.5 Valuation methods of investments in associates**

<b>Investments in Associates</b>	<b>Current Period</b>	<b>Prior Period</b>
Valued at Cost	46,997	45,780
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
<b>COMMON EQUITY TIER I CAPITAL</b>					
Paid-in Capital to be Entitled for Compensation after All Creditors	1,407,326	4,498,613	357,848	517,159	13,750
Share Premium	-	132,983	-	-	-
Share Cancellation Profits	-	-	-	-	-
Legal Reserves	1,107,567	318,612	792,783	291,383	798,171
Other Comprehensive Income according to TAS	3,672,559	156,838	-	778	-
Current and Prior Periods' Profits	150,423	254,088	153,750	461,121	393,789
Minority interest	-	-	-	-	40,062
<b>Common Equity Tier I Capital Before Deductions</b>	<b>6,337,875</b>	<b>5,361,134</b>	<b>1,304,381</b>	<b>1,270,441</b>	<b>1,245,772</b>
<b>Deductions From Common Equity Tier I Capital</b>					
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	5,694	1,235,820	1,175	2,189	851
Leasehold Improvements on Operational Leases (-)	-	586	-	841	1,984
Goodwill and Other Intangible Assets and Related Deferred Taxes (-)	56,194	542,641	16,900	38,002	3,626
Net Deferred Tax Asset/Liability (-)	-	-	-	-	-
<b>Total Deductions from Common Equity Tier I Capital</b>	<b>61,888</b>	<b>1,779,047</b>	<b>18,075</b>	<b>41,032</b>	<b>6,461</b>
<b>Total Common Equity Tier I Capital</b>	<b>6,275,987</b>	<b>3,582,087</b>	<b>1,286,306</b>	<b>1,229,409</b>	<b>1,239,311</b>
<b>Total Deductions From Tier I Capital</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Tier I Capital</b>	<b>6,275,987</b>	<b>3,582,087</b>	<b>1,286,306</b>	<b>1,229,409</b>	<b>1,239,311</b>
<b>TIER II CAPITAL</b>	<b>-</b>	<b>102,454</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL CAPITAL</b>	<b>6,275,987</b>	<b>3,684,541</b>	<b>1,286,306</b>	<b>1,229,409</b>	<b>1,239,311</b>

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

### 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. TAŞ	Istanbul/Turkey	100.00	100.00
2	Garanti Ödeme Sistemleri AŞ	Istanbul/Turkey	99.96	100.00
3	Garanti Kültür AŞ	Istanbul/Turkey	100.00	100.00
4	Garanti Konut Finansmanı Danışmanlık Hiz. AŞ	Istanbul/Turkey	100.00	100.00
5	Garanti Finansal Kiralama AŞ	Istanbul/Turkey	100.00	100.00
6	Garanti Faktoring AŞ	Istanbul/Turkey	81.84	81.84
7	Garanti Yatırım Menkul Kıymetler AŞ	Istanbul/Turkey	100.00	100.00
8	Garanti Portföy Yönetimi AŞ	Istanbul/Turkey	100.00	100.00
9	Garanti Emeklilik ve Hayat AŞ	Istanbul/Turkey	84.91	84.91
10	Garanti Bank International NV	Amsterdam/the Netherlands	100.00	100.00
11	Garanti Holding BV	Amsterdam/the Netherlands	100.00	100.00

	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	23,714	15,274	-	11,627	-	8,891	5,926	-
2	62,322	37,482	421	3,989	-	16,658	3,526	-
3	3,648	1,794	820	-	-	44	38	-
4	4,945	4,002	-	629	-	1,032	354	-
5	7,047,033	1,307,132	25,378	439,086	-	153,751	118,677	-
6	3,805,461	309,515	18,916	443,260	4,455	95,925	35,484	-
7	1,517,611	1,206,245	32,259	41,330	29,607	391,813	335,701	-
8	269,142	251,335	2,341	18,594	3,575	51,178	44,404	-
9	2,613,669	1,268,253	44,419	211,293	49,269	461,122	330,122	-
10	37,285,198	6,328,077	377,770	527,668	3,400	150,422	50,743	-
11	4,034,890	4,034,211	-	-	-	(677)	(546)	-

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

### 5.1.10.3 Movement of investments in subsidiaries

	Current Period	Prior Period
<b>Balances at Beginning of Period</b>	<b>11,372,006</b>	<b>8,551,720</b>
<b>Movements during the Period</b>	<b>2,661,097</b>	<b>2,820,286</b>
Acquisitions (*)	547,841	-
Bonus Shares Received	-	382,110
Earnings from Current Year Profit	1,470,738	1,323,028
Sales/Liquidations	-	-
Reclassification of Shares	-	-
Increase/(Decrease) in Market Values	(310,819)	(910,565)
Currency Differences on Foreign Subsidiaries	1,040,577	2,025,713
Impairment Reversals/(Losses)	(87,240)	-
<b>Balance at End of Period</b>	<b>14,033,103</b>	<b>11,372,006</b>
<b>Capital Commitments</b>	-	-
<b>Share Percentage at the End of Period (%)</b>	-	-

(\*) On 6 July 2021 the Bank made a capital increase of EUR 53.5 million for Garanti Holding BV, one of its wholly-owned subsidiaries, and Garanti Holding BV made a capital increase of EUR 53.0 million for Garanti Netherlands BV, its 100% subsidiary. The additional liquidity provided as a result of the capital increase was used in intra-group loan closings.

**5.1.10.4 Sectoral distribution of investments in subsidiaries**

<b>Subsidiaries</b>	<b>Current Period</b>	<b>Prior Period</b>
Banks	6,311,194	5,424,807
Insurance Companies	1,077,219	954,245
Factoring Companies	253,300	174,759
Leasing Companies	1,307,123	1,146,060
Finance Companies	5,067,486	3,568,115
Other Subsidiaries	16,781	104,020

**5.1.10.5 Quoted consolidated investments in subsidiaries**

	<b>Current Period</b>	<b>Prior Period</b>
Quoted at Domestic Stock Exchange	253,300	174,759
Quoted at Foreign Stock Exchange	-	-

**5.1.10.6 Valuation methods of investments in subsidiaries**

<b>Subsidiaries</b>	<b>Current Period</b>	<b>Prior Period</b>
Valued at Cost	16,781	104,020
Valued at Fair Value (*)	14,016,322	11,267,986

(\*) 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>
<b>Net Book Value at Beginning Period</b>	<b>704,701</b>	<b>703,141</b>
Additions	-	441
Disposals	(24,037)	(81,929)
Transfers	60,865	24,225
Fair Value Change	-	58,823
<b>Net Book Value at End of Period</b>	<b>741,529</b>	<b>704,701</b>

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 September 2021, the Bank has a deferred tax asset of TL 3,778,030 (31 December 2020: TL 3,509,508) calculated as the net amount remaining after netting of tax deductible timing differences and taxable timing differences.

As of 30 September 2021, the Bank has a deferred tax asset of TL 4,406,502 (31 December 2020: TL 3,849,653) 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 628,472 (31 December 2020: TL 340,145) 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>	
	<b>Tax Base</b>	<b>Deferred Tax Amount</b>	<b>Tax Base</b>	<b>Deferred Tax Amount</b>
Provisions <sup>(*)(**)</sup>	5,131,274	1,167,466	3,877,683	770,642
Stages 1&2 Credit Losses	12,871,006	2,717,252	11,843,582	2,368,716
Differences between the Carrying Values and Taxable Values of Financial Assets <sup>(***)</sup>	56,978	63,942	2,662,417	603,350
Revaluation Differences on Real Estates	(2,381,071)	(294,193)	(2,395,926)	(296,145)
Other	475,638	123,563	304,547	62,945
<b>Deferred Tax Asset</b>	<b>16,153,825</b>	<b>3,778,030</b>	<b>16,292,303</b>	<b>3,509,508</b>

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

<sup>(\*\*)</sup> Includes the deferred tax effect arising from valuation of loans measured at fair value through profit or loss.

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

As of 30 September 2021, TL 72,930 deferred tax income (30 September 2020: TL 539,400 deferred tax income) and TL 195,592 (30 September 2020: TL 163,375 deferred tax income) of deferred tax income are recognised in the statement of profit or loss and the shareholders' equity, respectively. In the current period, the deferred tax effect arising from the disposal of tangible asset recognized at fair value is disclosed under prior periods' profit/loss.

**5.1.16 Other Assets**

	<i>Current Period</i>		<i>Prior Period</i>	
	<b>TP</b>	<b>YP</b>	<b>TP</b>	<b>YP</b>
Derivative Financial Assets (Derivative Guarantees)	551,009	2,975,876	587,673	3,306,391
Receivables From Clearing Transactions	6,351,244	44,237	4,473,668	24,134
Prepaid Expenses	2,558,696	1,482	2,101,268	1,320
Cash Guarantees Given	13,721	1,299,060	12,727	1,011,438
Receivables From Forward Sale of Assets	105,137	-	1,137	147,246
Other	309,055	187,793	859,544	147,357
<b>Total</b>	<b>9,888,862</b>	<b>4,508,448</b>	<b>8,036,017</b>	<b>4,637,886</b>

## 5.2 Liabilities

### 5.2.1 Maturity profile of deposits

<i>Current Period</i>	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulating Deposit Accounts	Total
<b>Saving Deposits</b>	27,453,904	-	4,825,707	68,712,976	5,934,816	2,390,666	3,549,711	1,635	112,869,415
<b>Foreign Currency Deposits</b>	100,782,342	-	10,099,446	69,504,771	1,998,093	1,246,757	2,681,368	36,279	186,349,056
Residents in Turkey	96,521,332	-	9,834,769	67,064,926	1,795,355	944,941	1,724,940	35,053	177,921,316
Residents in Abroad	4,261,010	-	264,677	2,439,845	202,738	301,816	956,428	1,226	8,427,740
<b>Public Sector Deposits</b>	2,027,489	-	4,950	30,552	342	3,492	-	-	2,066,825
<b>Commercial Deposits</b>	16,248,050	-	15,185,787	11,948,073	378,515	1,716,232	2,618,469	-	48,095,126
<b>Other</b>	593,451	-	295,054	929,249	150,142	1,740,060	5,643,905	-	9,351,861
<b>Precious Metal Deposits</b>	21,557,351	-	-	136,729	261,199	35,199	530,578	-	22,521,056
<b>Bank Deposits</b>	2,989,519	-	1,122,945	87,020	20,937	-	4,126	-	4,224,547
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	5,389	-	681,934	-	-	-	-	-	687,323
Foreign Banks	559,196	-	441,011	87,020	20,937	-	4,126	-	1,112,290
Special Financial Institutions	2,424,934	-	-	-	-	-	-	-	2,424,934
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>171,652,106</b>	<b>-</b>	<b>31,533,889</b>	<b>151,349,370</b>	<b>8,744,044</b>	<b>7,132,406</b>	<b>15,028,157</b>	<b>37,914</b>	<b>385,477,886</b>

<i>Prior Period</i>	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulating Deposit Accounts	Total
<b>Saving Deposits</b>	21,631,929	-	4,933,740	54,914,729	598,761	327,900	1,273,240	1,719	83,682,018
<b>Foreign Currency Deposits</b>	79,828,517	-	10,225,909	58,837,397	2,022,734	1,666,955	3,222,141	37,565	155,841,218
Residents in Turkey	76,936,560	-	10,096,467	56,484,204	1,823,659	1,363,455	2,263,021	36,302	149,003,668
Residents in Abroad	2,891,957	-	129,442	2,353,193	199,075	303,500	959,120	1,263	6,837,550
<b>Public Sector Deposits</b>	880,139	-	37,809	64,397	136	10	-	-	982,491
<b>Commercial Deposits</b>	12,830,535	-	24,484,188	14,055,824	148,798	872,187	666,525	-	53,058,057
<b>Other</b>	391,099	-	172,403	1,121,142	19,856	176,034	3,236,314	-	5,116,848
<b>Precious Metal Deposits</b>	20,636,012	-	-	160,290	366,278	41,207	721,593	-	21,925,380
<b>Bank Deposits</b>	711,446	-	176,715	15,119	-	-	2,303	-	905,583
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	5,340	-	-	-	-	-	-	-	5,340
Foreign Banks	684,619	-	176,715	15,119	-	-	2,303	-	878,756
Special Financial Institutions	21,487	-	-	-	-	-	-	-	21,487
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>136,909,677</b>	<b>-</b>	<b>40,030,764</b>	<b>129,168,898</b>	<b>3,156,563</b>	<b>3,084,293</b>	<b>9,122,116</b>	<b>39,284</b>	<b>321,511,595</b>

**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	49,893,160	41,063,229	62,338,068	42,071,686
Foreign Currency Saving Deposits	26,203,592	25,573,877	91,053,563	72,868,396
Other Saving Deposits	9,350,023	10,285,722	11,064,426	10,182,644
Foreign Branches' Deposits Under Foreign Insurance Coverage	1,627,978	1,427,705	449	238
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	21,279	19,853
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	158,477	142,150
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	-	-	674,365	1,288,090
Domestic Banks and Institutions	1,065,687	1,559,114	884,230	1,032,449
Foreign Banks, Institutions and Funds	-	23,741,194	-	21,559,307
<b>Total</b>	<b>1,065,687</b>	<b>25,300,308</b>	<b>1,558,595</b>	<b>23,879,846</b>

**5.2.2.1 Maturities of funds borrowed**

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	952,004	657,556	1,542,177	1,851,955
Medium and Long-Term	113,683	24,642,752	16,418	22,027,891
<b>Total</b>	<b>1,065,687</b>	<b>25,300,308</b>	<b>1,558,595</b>	<b>23,879,846</b>

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

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



### 5.2.3 Money market funds

	<i>Current Period</i>		<i>Prior Period</i>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
<b>Domestic Transactions</b>	<b>23,215</b>	-	<b>70,949</b>	-
Financial Institutions and Organizations	-	-	29,847	-
Other Institutions and Organizations	9,889	-	16,294	-
Individuals	13,326	-	24,808	-
<b>Foreign Transactions</b>	<b>77,515</b>	<b>1,337,256</b>	<b>881</b>	-
Financial Institutions and Organizations	77,407	1,337,256	-	-
Other Institutions and Organizations	-	-	850	-
Individuals	108	-	31	-
<b>Total</b>	<b>100,730</b>	<b>1,337,256</b>	<b>71,830</b>	-

### 5.2.4 Securities issued

<i>Current Period</i>	<b>TL</b>		<b>FC</b>	
	<b>Short-Term</b>	<b>Medium and Long-Term</b>	<b>Short-Term</b>	<b>Medium and Long-Term</b>
Nominal	3,903,677	2,561,088	-	12,622,850
Cost	3,771,154	2,515,143	-	12,553,489
Carrying Value (*)	3,876,588	1,460,946	-	11,037,886

(\*) 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.

<i>Prior Period</i>	<b>TL</b>		<b>FC</b>	
	<b>Short-Term</b>	<b>Medium and Long-Term</b>	<b>Short-Term</b>	<b>Medium and Long-Term</b>
Nominal	4,689,395	2,267,502	-	14,244,885
Cost	4,549,118	2,239,143	-	14,152,997
Carrying Value (*)	4,661,251	1,427,727	-	12,901,692

(\*) The Bank repurchased its own TL securities with a total face value of TL 874,386 and foreign currency securities with a total face value of USD 206,993,000 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>	
	<b>TL</b>	<b>FC</b>		
Funds Borrowed	-	17,279,802	-	15,980,865
<b>Total</b>	<b>-</b>	<b>17,279,802</b>	<b>-</b>	<b>15,980,865</b>

In accordance with TFRS 9, the Bank classified a part of borrowings obtained through securitisations amounting to USD 2,170,339,286 (31 December 2020: USD 2,323,462,798) as financial liability at fair value through profit/loss at the initial recognition in order to eliminate the accounting mismatch.

As of 30 September 2021, the accumulated fair value change of the related financial liabilities amounted to TL 2,023,203 (31 December 2020: TL 1,265,467) and the corresponding gains/losses recognised in the statement of profit/loss mounted to TL 757,736 (30 September 2020: TL 2,135,430). The carrying value of the related financial liability amounted to TL 17,279,802 (31 December 2020: TL 15,980,865).

## 5.2.6 Derivative financial liabilities

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	131,428	47,224	146,089	8,756
Swap Transactions	1,427,790	3,538,860	4,058,849	3,273,561
Futures	-	8,624	-	-
Options	37,801	20,649	44,093	35,226
Others	-	-	-	-
<b>Total</b>	<b>1,597,019</b>	<b>3,615,357</b>	<b>4,249,031</b>	<b>3,317,543</b>

### 5.2.6.2 Derivative financial liabilities held for hedging purpose

Derivative Financial Liabilities held for Hedging Purpose	Current Period		Prior Period	
	TL	FC	TL	FC
Fair Value Hedges	-	385,803	1,623	480,647
Cash Flow Hedges	-	229,401	60,323	234,978
Net Foreign Investment Hedges	-	-	-	-
<b>Total</b>	<b>-</b>	<b>615,204</b>	<b>61,946</b>	<b>715,625</b>

## 5.2.7 Lease liabilities (Net)

### 5.2.7.1 Operational lease liabilities

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Up to 1 Year	300,274	199,536	220,909	153,292
1-4 Years	605,707	402,499	620,102	430,297
More than 4 Years	325,918	216,576	417,100	289,432
<b>Total</b>	<b>1,231,899</b>	<b>818,611</b>	<b>1,258,111</b>	<b>873,021</b>

As of 30 September 2021, 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 18.8%, 3.5% and 6.9% (31 December 2020: 13.9%, 0.6% and 7.0%) respectively.

## 5.2.8 Provisions

### 5.2.8.1 Reserve for employee severance indemnity

	Current Period	Prior Period
<b>Balances at Beginning of Period</b>	<b>738,465</b>	<b>538,697</b>
Provision for the Period	120,307	136,282
Actuarial Gain/Loss	-	115,741
Payments During the Period	(50,162)	(52,255)
<b>Balances at End of Period</b>	<b>808,610</b>	<b>738,465</b>

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

None (31 December 2020: 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	1,429,042	1,333,913
Provision for Promotion Expenses of Credit Cards	270,142	219,291
Provision for Lawsuits	404,573	299,662
Provision for Non-Cash Loans	2,115,781	2,177,654
Other Provisions (*)	6,763,820	5,020,590
<b>Total</b>	<b>10,983,358</b>	<b>9,051,110</b>

(\*Includes total general reserve of TL 6,600,000 (31 December 2020: 4,650,000) consisting of TL 1,950,000 and TL 4,650,000 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 28 December 2020 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 6,118,955 at 31 December 2020 as details are given in the table below.

Furthermore, an actuarial report was prepared as of 31 December 2020 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 28 December 2020 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 3,546,713 remains as of 31 December 2020 as details are given in the table below.

	<i>31 December 2020</i>	<i>31 December 2019</i>
<b>Transferable Pension and Medical Benefits:</b>		
Net present value of pension benefits transferable to SSF	(2,200,812)	(1,846,213)
Net present value of medical benefits and health premiums transferable to SSF	925,296	556,956
General administrative expenses	(74,857)	(64,962)
<b>Present Value of Pension and Medical Benefits Transferable to SSF (1)</b>	<b>(1,350,373)</b>	<b>(1,354,219)</b>
<b>Fair Value of Plan Assets (2)</b>	<b>7,469,328</b>	<b>5,988,881</b>
<b>Asset Surplus over Transferable Benefits ((2)-(1)=(3))</b>	<b>6,118,955</b>	<b>4,634,662</b>
<b>Non-Transferable Benefits:</b>		
Other pension benefits	(1,396,390)	(1,002,495)
Other medical benefits	(1,175,852)	(1,394,042)
<b>Total Non-Transferable Benefits (4)</b>	<b>(2,572,242)</b>	<b>(2,396,537)</b>
<b>Asset Surplus over Total Benefits ((3)-(4)=(5))</b>	<b>3,546,713</b>	<b>2,238,125</b>

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

	31 December 2020	31 December 2019
<b>Balance at Beginning of Period</b>	-	-
Actual contributions paid during the period	(127,520)	(91,969)
Total expense recognized in the statement of profit or loss	85,084	73,334
Amount recognized in the shareholders' equity	42,436	18,635
<b>Balance at End of Period</b>	-	-

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

	31 December 2020	31 December 2019
	%	%
Discount Rate (*)	13.00	12.50
Inflation Rate (*)	9.70	8.20
Future Real Salary Increase Rate	1.50	1.50
Medical Cost Trend Rate	13.90	12.40
Future Pension Increase Rate (*)	9.70	8.20

(\*) 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%	(7.00)	(9.80)	(8.30)
Discount rate -0.5%	7.90	11.50	9.50
Medical inflation rate +0.5%	-	11.20	5.10
Medical inflation rate -0.5%	-	(9.70)	(4.40)

Retirement Indemnities	Sensitivity of Past Service Liability	Sensitivity of Normal Cost
Assumption change	%	%
Discount rate +0.5%	(6.00)	(7.40)
Discount rate -0.5%	6.60	8.30
Inflation rate +0.5%	6.20	(3.80)
Inflation rate -0.5%	(6.00)	4.00

## 5.2.9 Tax liability

### 5.2.9.1 Current tax liability

#### 5.2.9.1.1 Tax liability

As of 30 September 2021, the corporate tax liability amounts to TL 1,418,727 (31 December 2020: TL 1,756,560) after offsetting with prepaid taxes. If the differences arising between the book value and the tax base value of the assets subject to the current tax liability are related to the shareholders' equity account group, the current tax asset or liability is netted off by the relevant accounts in this group.

#### 5.2.9.1.2 Taxes payable

	<i>Current Period</i>	<i>Prior Period</i>
Corporate Taxes Payable	1,418,727	1,756,560
Taxation on Securities Income	162,895	102,988
Taxation on Real Estates Income	1,267	8,665
Banking Insurance Transaction Tax	256,127	189,865
Foreign Exchange Transaction Tax	18,220	19,230
Value Added Tax Payable	22,431	12,996
Others	75,052	67,106
<b>Total</b>	<b>1,954,719</b>	<b>2,157,410</b>

#### 5.2.9.1.3 Premiums

	<i>Current Period</i>	<i>Prior Period</i>
Social Security Premiums-Employees	133	107
Social Security Premiums-Employer	163	131
Bank Pension Fund Premium-Employees	421	345
Bank Pension Fund Premium-Employer	633	532
Pension Fund Membership Fees and Provisions-Employees	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Unemployment Insurance-Employees	2,208	1,851
Unemployment Insurance-Employer	4,461	3,743
Others	77	41
<b>Total</b>	<b>8,096</b>	<b>6,750</b>

#### 5.2.9.2 Deferred tax liability

None (31 December 2020: 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

	Current Period		Prior Period	
	TL	FC	TL	FC
Payables from credit card transactions	18,174,360	170,832	13,340,047	76,790
Payables from clearing transactions	6,023,790	10,083	3,534,101	23,089
Other	1,610,580	2,345,616	1,463,323	3,253,941
<b>Total</b>	<b>25,808,730</b>	<b>2,526,531</b>	<b>18,337,471</b>	<b>3,353,820</b>

### 5.2.13 Shareholders' equity

#### 5.2.13.1 Paid-in capital

	Current Period	Prior Period
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

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Investments in Associates, Subsidiaries and Joint-Ventures</b>	<b>6,471,378</b>	<b>244,809</b>	<b>5,428,074</b>	<b>295,244</b>
Valuation difference	6,471,378	244,809	5,428,074	295,244
Exchange rate difference	-	-	-	-
<b>Financial Assets Measured at Fair Value through Other Comprehensive Income</b>	<b>(101,077)</b>	<b>(348,408)</b>	<b>184,109</b>	<b>(53,356)</b>
Valuation difference	(141,893)	(348,408)	190,749	(53,356)
Exchange rate difference	40,816	-	(6,640)	-
<b>Total</b>	<b>6,370,301</b>	<b>(103,599)</b>	<b>5,612,183</b>	<b>241,888</b>

**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>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Movables	117,136	39,916	52,120	27,525
Real Estates	1,720,065	98,499	1,737,731	86,833
Defined Benefit Plans' Actuarial Gains/Losses	(297,937)	-	(297,937)	-
Other	(4,727)	-	(4,727)	-
<b>Total</b>	<b>1,534,537</b>	<b>138,415</b>	<b>1,487,187</b>	<b>114,358</b>

**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
Kredi Kayıt Bürosu AŞ	481	481
Garanti Ödeme Sistemleri AŞ	401	401
Doğuş Gayrimenkul Yatırım Ortaklığı AŞ	22	22
Yatırım Finansman Menkul Değerler AŞ	9	9
<b>Total</b>	<b>7,636</b>	<b>7,636</b>

**5.2.13.11 Legal reserves**

	<i>Current Period</i>	<i>Prior Period</i>
I. Legal Reserve	961,534	961,534
II. Legal Reserve	545,220	503,840
Special Reserves	-	-
<b>Total</b>	<b>1,506,754</b>	<b>1,465,374</b>

**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	49,727,464	43,936,102

### 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 15,987,637 (31 December 2020: TL 26,769,647), commitments for cheque payments of TL 3,865,799 (31 December 2020: TL 3,174,209) and commitments for credit card limits of TL 58,054,377 (31 December 2020: TL 46,297,211).

##### 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	38,775,073	32,453,565
Letters of Guarantee in TL	40,071,181	31,475,024
Letters of Credit	13,341,033	10,137,818
Bills of Exchange and Acceptances	1,947,521	2,173,451
Endorsements	1,556,255	-
Other Guarantees	108,204	119,880
<b>Total</b>	<b>95,799,267</b>	<b>76,359,738</b>

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

	Stage 1	Stage 2	Stage 3	Total
<b>Current Period</b>				
<b>Balances at Beginning of Period</b>	<b>536,508</b>	<b>831,210</b>	<b>809,936</b>	<b>2,177,654</b>
Additions during the Period (+)	472,444	394,242	137,226	1,003,912
Disposals (-)	(767,851)	(379,606)	(128,006)	(1,275,463)
Sales (-)	-	-	-	-
Write-offs (-)	-	-	-	-
Transfer to Stage 1	127,784	(127,336)	(448)	-
Transfer to Stage 2	(30,233)	30,724	(491)	-
Transfer to Stage 3	(75)	(8,341)	8,416	-
Foreign Currency Differences	25,679	72,232	111,767	209,678
<b>Provisions at End of Period</b>	<b>364,256</b>	<b>813,125</b>	<b>938,400</b>	<b>2,115,781</b>

	Stage 1	Stage 2	Stage 3	Total
<b>Prior Period</b>				
<b>Balances at Beginning of Period</b>	<b>238,320</b>	<b>350,262</b>	<b>622,573</b>	<b>1,211,155</b>
Additions during the Period (+)	647,512	764,242	348,969	1,760,723
Disposals (-)	(480,007)	(238,442)	(260,524)	(978,973)
Sales (-)	-	-	-	-
Write-offs (-)	-	-	-	-
Transfer to Stage 1	144,361	(143,945)	(416)	-
Transfer to Stage 2	(41,604)	56,584	(14,980)	-
Transfer to Stage 3	(271)	(18,211)	18,482	-
Foreign Currency Differences	28,197	60,720	95,832	184,749
<b>Provisions at End of Period</b>	<b>536,508</b>	<b>831,210</b>	<b>809,936</b>	<b>2,177,654</b>

Lifetime expected credit loss (Stage 3) of TL 938,400 (31 December 2020: TL 809,936) is made for unliquidated non-cash loans of TL 1,506,699 (31 December 2020: TL 1,434,029) 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	15,909,922	14,143,550
With Original Maturity of 1 Year or Less	3,045,410	2,272,692
With Original Maturity of More Than 1 Year	12,864,512	11,870,858
Other Non-Cash Loans	79,889,345	62,216,188
<b>Total</b>	<b>95,799,267</b>	<b>76,359,738</b>

### 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
<b>Interest income received from loans</b>				
Short-term loans	10,685,135	458,094	5,363,139	366,571
Medium and long-term loans	15,133,102	3,464,741	11,806,854	3,704,412
Loans under follow-up	393,394	108,895	406,485	179,631
Interest Received from Resource Utilization Support Fund	-	-	-	-
<b>Total</b>	<b>26,211,631</b>	<b>4,031,730</b>	<b>17,576,478</b>	<b>4,250,614</b>

(\*) 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	-	-	292	-
Domestic Banks	12,936	266	35,106	877
Foreign Banks	4,049	18,770	1,431	65,248
Foreign Head Offices and Branches	-	-	-	-
<b>Total</b>	<b>16,985</b>	<b>19,036</b>	<b>36,829</b>	<b>66,125</b>

#### 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	66,240	22,893	55,733	24,666
Financial Assets Measured at Fair Value through Other Comprehensive Income	3,158,425	262,700	1,602,965	317,042
Financial Assets Measured at Amortised Cost	2,705,403	376,814	1,838,083	293,182
<b>Total</b>	<b>5,930,068</b>	<b>662,407</b>	<b>3,496,781</b>	<b>634,890</b>

As disclosed in the accounting policies, the Bank values CPI-indexed government bonds in its securities portfolio according to the reference index on the issue date and the index that is calculated according to the expected inflation rate. The inflation rate used during the valuation is being updated during the year when it is considered necessary. The estimated inflation rate which was taken as 13 % until 12 April 2021, was updated to 16 % as of 12 April 2021 and was updated to 18 % as of 6 July 2021. If the valuation of such securities was performed according to the reference index valid as of 30 September 2021, the Parent Bank's securities value decrease fund under the equity would decrease by TL 232,409 (net), whereas the interest income on securities portfolio would increase by TL 567,191.

#### 5.4.1.4 Interest income received from associates and subsidiaries

	Current Period	Prior Period
Interest Received from Investments in Associates and Subsidiaries	278,414	259,081

## 5.4.2 Interest Expenses

### 5.4.2.1 Interest expenses on funds borrowed (\*)

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Banks</b>	<b>89,052</b>	<b>367,820</b>	<b>123,697</b>	<b>459,703</b>
Central Bank of Turkey	-	-	35,777	2,140
Domestic Banks	89,052	23,095	48,274	20,695
Foreign Banks	-	344,725	39,646	436,868
Foreign Head Offices and Branches	-	-	-	-
<b>Other Institutions</b>	<b>-</b>	<b>479,667</b>	<b>-</b>	<b>622,613</b>
<b>Total</b>	<b>89,052</b>	<b>847,487</b>	<b>123,697</b>	<b>1,082,316</b>

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

### 5.4.2.2 Interest expenses paid to associates and subsidiaries

	Current Period	Prior Period
Interest Paid to Investments in Associates and Subsidiaries	307,883	247,165

### 5.4.2.3 Interest expenses on securities issued

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

### 5.4.2.4 Maturity structure of interest expense on deposits

Current Period	Demand Deposits	Time Deposits					Accumulating Deposit Accounts	Total
		Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over		
<b>Turkish Lira</b>								
Bank Deposits	7,883	65,292	-	-	-	-	-	73,175
Saving Deposits	-	360,224	7,670,710	475,460	180,489	309,338	-	8,996,221
Public Sector Deposits	-	2,555	4,330	188	30	-	-	7,103
Commercial Deposits	-	1,963,505	1,671,217	69,547	124,114	171,857	-	4,000,240
Other	-	56,470	155,478	15,418	167,872	569,441	-	964,679
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
<b>Total TL</b>	<b>7,883</b>	<b>2,448,046</b>	<b>9,501,735</b>	<b>560,613</b>	<b>472,505</b>	<b>1,050,636</b>	<b>-</b>	<b>14,041,418</b>
<b>Foreign Currency</b>								
Foreign Currency Deposits	1	26,004	197,550	16,078	15,304	31,860	120	286,917
Bank Deposits	-	36	-	-	-	-	-	36
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	-	-	-	279	-	279
<b>Total FC</b>	<b>1</b>	<b>26,040</b>	<b>197,550</b>	<b>16,078</b>	<b>15,304</b>	<b>32,139</b>	<b>120</b>	<b>287,232</b>
<b>Grand Total</b>	<b>7,884</b>	<b>2,474,086</b>	<b>9,699,285</b>	<b>576,691</b>	<b>487,809</b>	<b>1,082,775</b>	<b>120</b>	<b>14,328,650</b>

<i>Prior Period</i>		Time Deposits					Accumulating Deposit Accounts	Total
		Demand Deposits	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months		
<b>Turkish Lira</b>								
Bank Deposits	1,209	42,080	-	-	-	-	-	43,289
Saving Deposits	10	172,583	3,406,542	21,974	20,636	140,525	-	3,762,270
Public Sector Deposits	-	7,522	6,553	-	-	1	-	14,076
Commercial Deposits	3	605,647	794,657	9,000	3,413	110,351	-	1,523,071
Other	-	12,858	61,431	14,518	14,287	391,330	-	494,424
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
<b>Total TL</b>	<b>1,222</b>	<b>840,690</b>	<b>4,269,183</b>	<b>45,492</b>	<b>38,336</b>	<b>642,207</b>	<b>-</b>	<b>5,837,130</b>
<b>Foreign Currency</b>								
Foreign Currency Deposits	-	19,574	214,470	9,428	24,723	75,445	286	343,926
Bank Deposits	-	87	-	-	-	-	-	87
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	-	2	26	7,250	-	7,278
<b>Total FC</b>	<b>-</b>	<b>19,661</b>	<b>214,470</b>	<b>9,430</b>	<b>24,749</b>	<b>82,695</b>	<b>286</b>	<b>351,291</b>
<b>Grand Total</b>	<b>1,222</b>	<b>860,351</b>	<b>4,483,653</b>	<b>54,922</b>	<b>63,085</b>	<b>724,902</b>	<b>286</b>	<b>6,188,421</b>

#### 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”.

#### 5.4.2.7 *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>
<b>Income</b>	<b>166,240,811</b>	<b>101,422,795</b>
Trading Account Income	2,558,533	3,195,008
Gains from Derivative Financial Instruments	11,153,080	11,113,931
Foreign Exchange Gains	152,529,198	87,113,856
<b>Losses (-)</b>	<b>169,845,971</b>	<b>99,539,282</b>
Trading Account Losses	1,474,089	960,228
Losses from Derivative Financial Instruments	15,909,303	12,760,703
Foreign Exchange Losses	152,462,579	85,818,351
<b>Total</b>	<b>(3,605,160)</b>	<b>1,883,513</b>

TL 2,238,826 (30 September 2020: TL 4,705,972) of foreign exchange gains and TL 6,152,240 (30 September 2020: TL 1,842,032) of foreign exchange losses are resulted from the exchange rate changes of derivative financial transactions.

The Bank enters into interest rate and cross currency swap agreements in order to hedge the change in cash flows of floating rate financial instruments due to fluctuations in market interest rates. In this respect, the Bank applied cash flow hedge accounting for funds borrowed amounting to USD 3,991,351 and EUR 15,789,486 and securitization borrowings amounting to EUR 22,768,412 by designating cross currency swaps with the same face values and terms and securitizations amounting to USD 276,036,592 and EUR 7,500,000 and deposits amounting to TL 980,000, USD 980,000,000 and forward EUR 480,000,000 by designating interest rate swaps with the same face values. Accordingly, in the current period, gain of TL 12,711 (30 September 2020: gain of TL 23,038) and loss of TL (33,071) (30 September 2020: loss of TL (253,654)) resulting from cross currency and interest rate swap were recognised under shareholders' equity, respectively.

The Bank enters into interest rate and cross currency swap agreements in order to hedge the change in fair value of fixed-rate financial instruments due to fluctuations in market interest rates. In this respect, the Bank applied fair value hedge accounting for its fixed-rate loans with a total principal of TL 200,000 and EUR 7,411,765, for its fixed-rate coupons with a total face value of USD 387,500,000 and fixed-rate coupons with a total face value of EUR 23,800,000 by designating interest rate swaps and cross currency swaps with the same face values and terms. Accordingly, the accumulated fair value gain for the hedged loans and bonds is TL (8,995) (30 September 2020: gain of TL 50,788) and TL 314,912 (30 September 2020: gain of TL 424,243) respectively. The part of the related amount that belongs to the current period is accounted for under net trading income/losses in the statement of profit or loss.

The Bank applies cash flow hedge accounting in order to hedge its expected investment expenditures which are considered to have high probability of realization in the future from the exchange rate risk that will occur due to fluctuations in the market exchange rates. Cash flow hedge accounting is applied between the estimated investment expenditures amounting to USD 46,179,605 in total (31 December 2020: USD 67,639,959) and foreign currency denominated assets and exchange differences arising from translation of foreign currency denominated assets into Turkish Lira are accounted under "Other Comprehensive Income/Expense Items to be Recycled to Profit or Loss". As of 30 September 2021, TL 50,811 (30 September 2020: None) arising from cash flow accounting is accounted under equity. There is no ineffective portion arising from cash flow hedge accounting.

The Bank applies cash flow hedge accounting in order to hedge its foreign Eurobond coupon returns which are considered to have high probability of realization in the future from the exchange rate risk that will occur due to fluctuations in the market exchange rates. Cash flow hedge accounting is applied between the estimated foreign Eurobond coupon returns amounting to USD 17,048,976 in total (31 December 2020: USD 67,639,959) and foreign currency denominated liabilities and exchange differences arising from translation of foreign currency denominated liabilities into Turkish Lira are accounted under "Other Comprehensive Income/Expense Items to be Recycled to Profit or Loss". As of 30 September 2021, TL (18,759) (30 September 2020: None) arising from cash flow accounting is accounted under equity. There is no ineffective portion arising from cash flow hedge accounting.

The Bank enters forward foreign currency transactions in order to hedge its payment commitments made within the context of a special mile program that the Bank is subject to from the exchange rate risk that will occur due to fluctuations in the market exchange rates. Cash flow hedge accounting is applied for the payment commitments amounting to USD 21,431,340 in total (31 December 2020: None) by designating foreign currency forwards with the same nominal values and terms. As of 30 September 2021, TL 5,527 (30 September 2020: None) arising from cash flow accounting is accounted under Equity. There is no ineffective portion arising from cash flow hedge accounting.

#### 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>
<b>Reversal of Prior Years’ Provisions</b>	<b>6,226,880</b>	<b>3,615,433</b>
Stage 1 Provisions	2,781,993	1,071,793
Stage 2 Provisions	2,053,786	1,388,075
Stage 3 Provisions	1,228,586	1,087,508
Others	162,515	68,057
<b>Revenues from Sale of Assets</b>	<b>290,325</b>	<b>71,377</b>
<b>Others</b>	<b>256,808</b>	<b>167,323</b>
<b>Total</b>	<b>6,774,013</b>	<b>3,854,133</b>

#### 5.4.6 Expected credit losses and other provisions

	<i>Current Period</i>	<i>Prior Period</i>
<b>Expected Credit Losses</b>	<b>9,408,418</b>	<b>10,684,290</b>
12-Month ECL (Stage 1)	1,603,905	2,294,493
Lifetime ECL Significant Increase in Credit Risk (Stage 2)	4,581,607	4,604,506
Lifetime ECL Impaired Credits (Stage 3)	3,222,906	3,785,291
<b>Other Provisions</b>	<b>3,360,365</b>	<b>3,651,800</b>
Impairment Losses on Securities	650	6,425
<i>Financial Assets Measured at Fair Value through Profit/Loss</i>	<i>331</i>	<i>4,315</i>
<i>Financial Assets Measured at Fair Value through Other Comprehensive Income</i>	<i>319</i>	<i>2,110</i>
Impairment Losses on Associates, Subsidiaries and Joint-ventures	87,241	293,323
<i>Associates</i>	<i>-</i>	<i>293,323</i>
<i>Subsidiaries</i>	<i>87,241</i>	<i>-</i>
<i>Joint-ventures</i>	<i>-</i>	<i>-</i>
Others (*)	3,272,474	3,352,052
<b>Total</b>	<b>12,768,783</b>	<b>14,336,090</b>

(\*) Includes general reserve expense of TL 1,950,000 recognized in the current period (30 September 2020: TL 1,830,000).

#### 5.4.7 Other operating expenses

	<i>Current Period</i>	<i>Prior Period</i>
Reserve for Employee Termination Benefits	120,307	86,266
Defined Benefit Obligation	-	-
Impairment Losses on Tangible Assets	-	100,583
Depreciation Expenses of Tangible Assets	296,557	258,389
Impairment Losses on Intangible Assets	-	-
Impairment Losses on Goodwill	-	-
Amortisation Expenses of Intangible Assets	74,678	69,791
Impairment Losses on Investments Accounted under Equity Method	-	-
Impairment Losses on Assets to be Disposed	2,506	5,343
Depreciation Expenses of Right-of-use Assets	194,967	220,325
Impairment Losses on Assets Held for Sale	-	-
Other Operating Expenses	3,628,199	2,969,305
<i>Operational Lease related Expenses (*)</i>	154,648	135,902
<i>Repair and Maintenance Expenses</i>	50,777	39,730
<i>Advertisement Expenses</i>	138,975	91,220
<i>Other Expenses</i>	3,283,799	2,702,453
Loss on Sale of Assets	5,357	736
Others (**)	873,762	716,667
<b>Total</b>	<b>5,196,333</b>	<b>4,427,405</b>

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

(\*\*) Includes Saving Deposits Insurance Fund related expenses of TL 471,339 (30 September 2020: TL 418,188) 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 September 2021, the Bank recorded a tax income of TL 2,665,164 (30 September 2020: TL 2,357,699) and a deferred tax income of TL 72,930 (30 September 2020: deferred tax income of TL 539,400).

##### *Deferred tax benefit/charge on timing differences:*

<b>Deferred tax benefit/(charge) on timing differences</b>	<i>Current Period</i>	<i>Prior Period</i>
Increase in tax deductible timing differences (+)	(944,962)	(1,360,130)
Decrease in tax deductible timing differences (-)	446,530	55,205
Increase in taxable timing differences (-)	447,098	858,637
Decrease in taxable timing differences (+)	(21,596)	(93,112)
<b>Total</b>	<b>(72,930)</b>	<b>(539,400)</b>

***Deferred tax benefit/charge in the statement of profit/loss arising on timing differences, tax losses and tax deductions and exemptions:***

<b>Deferred tax (benefit)/charge arising on timing differences, tax losses and tax deductions and exemptions</b>	<b><i>Current Period</i></b>	<b><i>Prior Period</i></b>
(Increase)/Decrease in Tax Deductible Timing Differences (net)	(498,432)	(1,304,925)
(Increase)/Decrease in Taxable Timing Differences (net)	425,502	765,525
(Increase)/Decrease in Tax Losses (net)	-	-
(Increase)/Decrease in Tax Deductions and Exemptions (net)	-	-
<b>Total</b>	<b>(72,930)</b>	<b>(539,400)</b>

**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 Consolidated statement of changes in shareholders' equity**

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

## **5.6 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	9,505,341	2,096,812	651,108	722,425	113,315	50,868
Balance at end of period	10,904,982	2,534,876	546,588	1,153,564	9,980	162,865
Interest and Commission Income	287,466	20,084	113	-	7,627	89

##### 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	7,260,837	1,576,370	1,628	991,046	791	45,586
Balance at end of period	9,505,341	2,096,812	651,108	722,425	113,315	50,868
Interest and Commission Income	352,990	8,443	464	-	4,777	124

#### 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	1,889,426	1,797,896	70,153	131,127	417,657	89,892
Balance at end of period	1,591,452	1,889,426	30,295	70,153	163,388	417,657
Interest Expense	193,581	75,571	65	99	19,503	4,206

#### 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	3,000,560	2,862,339	30,664,682	22,919,062	-	-
Balance at end of period	3,202,165	3,000,560	20,576,227	30,664,682	-	-
Total Profit/(Loss)	(6,591)	9,566	135,565	(320,962)	-	-
Transactions for Hedging:						
Balance at beginning of period	-	-	565,120	643,552	-	-
Balance at end of period	-	-	151,941	565,120	-	-
Total Profit/(Loss)	-	-	(905)	(1,006)	-	-

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

## **5.7.2 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 3,110,275 (31 December 2020: TL 3,448,287) compose 0.84% (31 December 2020: 1.09%) of the Bank's total cash loans and 0.54% (31 December 2020: 0.70%) of the Bank's total assets. The total loans and similar receivables amounting TL 11,461,550 (31 December 2020: TL 10,269,764) compose 2% (31 December 2020: 2.08%) of the Bank's total assets. The non-cash loans of the risk group amounting TL 3,851,305 (31 December 2020: TL 2,870,105) compose 4.02% (31 December 2020: 3.76%) of the Bank's total non-cash loans.

The deposits of the risk group amounting TL 1,785,135 (31 December 2020: TL 2,377,236) compose 0.46% (31 December 2020: 0.74%) of the Bank's total deposits.

The funds borrowed by the Bank from its risk group amounting TL 21,518,018 (31 December 2020: TL 20,978,790) compose 81.61% (31 December 2020: 82.47%) 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 219,532 (31 December 2020: TL 196,304).

A total rent income of TL 15,360 (30 September 2020: TL 12,165) was recognized for the real estates rented to the related parties.

Operating expenses for TL 92,759 (30 September 2020: TL 39,697) were incurred for the IT services rendered by the related parties. Banking services fees of TL 25,441 (30 September 2020: TL 31,617) were recognized from the related parties.

Insurance brokerage fee of TL 328,450 (30 September 2020: TL 268,028), shares brokerage fee of TL 179,148 (30 September 2020: TL 38,759), and fixed-rate securities brokerage fee of TL 7,616 (30 September 2020: TL 3,042) were received from the subsidiaries.

Operating expenses of TL 76,327 (30 September 2020: TL 60,403) 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 58,169 as of 30 September 2021 (30 September 2020: TL 51,882).

### **5.7.2.3 Other matters not required to be disclosed**

None (31 December 2020: 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 (May 2021)**

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

#### **JCR EURASIA RATINGS (September 2021)**

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

### 5.10.2 Dividends

As per the decision made at the annual general assembly of shareholders of the parent Bank on 31 March 2021, the distribution of the net profit of the year 2020, was as follows;

<b>2020 PROFIT DISTRIBUTION TABLE</b>	
<b>2020 Net Profit</b>	<b>6,238,003</b>
A- I. Legal reserve (Turkish Commercial Code 519/1) at 5%	-
Undistributable funds	(35,205)
B- First dividend at 5% of the paid-in capital	(210,000)
C- Extraordinary reserves at 5% after above deductions	(301,400)
D- Second dividend to the shareholders	(413,800)
E- Extraordinary reserves	(5,236,218)
F- II. Legal reserve (Turkish Commercial Code 519/2)	(41,380)

### 5.10.3 Other disclosures

None (31 December 2020: None).

## **6 Disclosures on Limited Review Report**

### **6.1 Disclosure on limited review report**

The unconsolidated financial statements of the Bank as of 30 September 2021, have been reviewed by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ and a limited review report dated 27 October 2021, is presented before the accompanying financial statements.

### **6.2 Disclosures and footnotes prepared by independent auditors**

None.

## 7 Interim Activity Report (Amounts are expressed in Turkish Lira (TL))

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

**Türkiye Garanti Bankası A.Ş.**, announced its financial statements dated 30 September 2021. Based on the unconsolidated financials, the Bank's **net income** in the first 9 months of the year recorded as TL 9 billion 098 million 457 thousand. **Asset size** reached to TL 573 billion 537 million 999 thousand and the Bank's contribution to the economy through cash and non-cash **loans** increased to TL 452 billion 414 million 116 thousand. Actively managing the funding base, deposits continued to be the main funding source with 67% share in the total funding base. Deposit base reached to TL 381 billion 253 million 339 thousand with 19% growth in the first 9 months of the year. Preserving the strong capital stance, Bank's capital adequacy ratio was realized at 17.3%\*. The Bank delivered an **ROAE** (Return on Average Equity) of 19.3%\*\* and an **ROAA** (Return on Average Assets) of 2.4%\*\*.

\*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 "Economic recovery has started to become more visible as normalization steps pick up the pace at the back of the acceleration in vaccination. According to IMF's Global Economic Outlook report published in October the projected growth rate for the global economy this year is 5.9%. However, the report also points out a slowdown in growth, while addressing issues such as higher inflation rates due to supply-demand mismatch, weakened increase in the rate of employment, and concern for the emergence of new COVID-19 variants. We, as a country, are also recording a strong growth pace. Economic growth and leading indicators announced for 1H21 points towards a year-end growth rate of near 10%. On the other hand, similar to the problems in global economies, domestic demand driven growth, and climate crisis related shortage in food supply resulting in food inflation pave the way for inflationist pressures in our country.

Energy and food crisis, which are at the top of the global agenda, are not only caused by the increasing demand, but also by the climate crisis. According to a survey on Climate Change Perception in Turkey, two out of three people say they feel vulnerable against climate crisis. In order to overcome this vulnerability and generate solutions, we as Garanti BBVA, are trying to do our best both within our own operations and with the business lines we finance. In this respect in September 2021, we became the first and only Turkish bank to join The United Nations Net-Zero Banking Alliance which supports the activation of the whole financial system in order to achieve the targets of Paris Convention. Achieving a net zero carbon portfolio by 2050 is one of our commitments. In 2020, we became a carbon neutral bank and achieved our 2035 goal 15 years earlier. In addition to being a market leader in funding wind energy projects, we are financing 100% renewable energy projects in our project finance portfolio since 2014. In addition, we are generating our own energy by solar panels in our branches that have necessary technical capabilities. Our Bank has and will surely continue to keep guiding the market to a more sustainable and environmentally responsible future.

We ensure sustainability not only on the context of environmental and social issues, but also in financial terms. In this period of uncertainty, we once again achieved strong profitability and capital ratios. Our strategy, as always, is to grow by generating capital. This growth is a product of our healthy balance sheet management, strength in digitalization, and of course, competent human resources. I truly believe that Garanti BBVA will maintain its leading role in the sector in the years to come."



Commenting on the topic, **Garanti BBVA CEO Recep Baştuğ** said: “We have reached the end of first nine months of 2021 with successful results amid the continued effects of the global pandemic. We continue to grow by generating capital, thanks to our business processes and products that are constantly improved in the light of new developments. We continuously improve our customer experience and expand the scope of our impact with concrete steps we take in the field of responsible banking.

Our TL loans grew by 22% and reached 254 billion TL in the first nine months of 2021. During this period of continued strong domestic demand, we have continued to grow in both commercial and consumer portfolio with a balanced and steady manner and increased our market share in TL loans by 1 point to 10.6% since the beginning of the year, becoming the leader among private banks<sup>1</sup>. We have made our asset quality very clear and visible by accurately and transparently classifying our loans on the back of our prudent and proactive approach that we carry from our past. We have been consistently improving our asset quality. This prudent stance and our strong capital base allows us to grow and contribute to the economy uninterruptedly.”

**Recep Baştuğ** continues as follows: “Digitalization, as well as active balance sheet management, has been one of the most significant features distinguishing Garanti BBVA within the sector for many years now. We sustain our investments to provide our customers with a complete end-to-end digital experience. We have exceeded 10 million users in Garanti BBVA Mobile, which is currently the highest number of active mobile customers among banks. Garanti BBVA Payment Systems, which can be identified as one of the first FinTechs in Turkey, provides services to 9 different banks today. There are 25 million cards registered to Garanti Pay, our digital payment application, which demonstrates the power of our technological infrastructure, which we have invested in for many years.

In my opinion, companies should not ignore the climate crisis and its effects, just as they cannot remain indifferent to the developments in technology. In this context, we pioneer the transformation of the business world by achieving many firsts both in Turkey and globally. We recently became the first and only Turkish bank to join The Net-Zero Banking Association, founded by the United Nations, which supports the mobilization of the entire financial system to achieve the goals of the Paris Agreement. The Net-Zero Banking Association, founded by the United Nations, brings together 84 banks from 36 countries, which represent around 40% of global banking assets and are committed to aligning their lending and investment portfolios with net zero emissions by 2050. The climate crisis is evident in a wide variety of areas. We all remember the mucilage problem, which affects thousands of species living in the marine ecosystem. Keeping this in mind, we, in collaboration with the TURMEPA association, have launched the Mavi Nefes Project, an initiative to clean up the waters and more importantly to raise awareness so as to prevent marine pollution. With this project, we aim to leave cleaner seas for future generations, especially the ecosystem in the Sea of Marmara.

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

<sup>1</sup> As of June 2021, per bank-only financials

You may access Garanti BBVA earnings presentations regarding the BRSA unconsolidated financial results from Garanti BBVA Investor Relations website at [www.garantibbvainvestorrelations.com](http://www.garantibbvainvestorrelations.com)

### 7.1.1 Selected Figures of Unconsolidated Financial Statements

<b>Selected Balance Sheet Items</b>	<b>Current Period 30.Sept.2021</b>	<b>Prior Period 31.Dec.2020</b>	<b>Change Δ %</b>
Total Assets	573,537,999	492,797,820	16.4%
Loans	371,314,144	315,084,523	17.8%
- Performing Loans	356,614,849	300,701,391	18.6%
- Non-Performing Loans	14,699,295	14,383,132	2.2%
Customer Deposits	381,253,339	320,606,012	18.9%
Shareholders' Equity	70,861,444	62,081,723	14.1%

<b>Selected P&amp;L Items</b>	<b>Current Period 30.Sept.2021</b>	<b>Prior Period 30.Sept.2020</b>	<b>Change Δ %</b>
Net Interest Income	22,152,947	17,211,100	28.7%
Operating Expenses	8,521,447	7,186,296	18.6%
- HR Cost	3,325,114	2,758,891	20.5%
- Other Operating Expenses	5,196,333	4,427,405	17.4%
Net Fees&Commissions	6,060,435	4,485,712	35.1%
Net Income	9,098,457	5,127,245	77.5%

<b>Selected Financial Ratios</b>	<b>Current Period 30.Sept.2021</b>	<b>Prior Period 31.Dec.2020</b>	<b>Change Δ bps</b>
Performing Loans/Assets	62.2%	61.0%	116
Deposits/Assets	66.5%	65.1%	142
Return on Average Equity	19.3%	10.8%	848
Return on Average Assets	2.4%	1.4%	99
Cumulative Net Interest Margin (incl. swap costs)	4.3%	5.7%	-141
Non-Performing Loans Ratio	4.0%	4.6%	-61
Capital Adequacy Ratio*	17.3%	18.5%	-124

\* Calculated without the forbearance introduced by BRSA

<b>Market Shares</b>	<b>Current Period 30.Sept.2021</b>	<b>Prior Period 31.Dec.2020</b>	<b>Change Δ bps</b>
Performing Loans	10.2%	9.6%	60
TL Performing Loans	10.6%	9.6%	98
FC Performing Loans	9.4%	9.6%	-27
Customer Deposits	10.3%	10.2%	7
TL Customer Deposits	10.1%	9.9%	16
FC Customer Deposits	10.5%	10.5%	-3

<b>Garanti with Numbers</b>	<b>Current Period 30.Sept.2021</b>	<b>Prior Period 31.Dec.2020</b>	<b>Change Δ %</b>
Branch Network	875	894	-2.1%
Number of Employees	18,486	18,654	-0.9%
ATM	5,323	5,309	0.3%
POS*	686,339	684,896	0.2%
Number of Customers	19,813,155	18,779,494	5.5%
Number of Digital Customers**	10,569,240	9,571,289	10.4%
Number of Credit Card Customers	7,723,970	7,322,446	5.5%

\*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 01.01.2021-30.09.2021**

There is no change during the period.

## **7.3 Announcements regarding important developments in the period of 01.01.2021-30.09.2021**

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

## **7.4 Assessment of financial information and risk management**

You may find information regarding the assessment of financial position, profitability and debt payment capability, risk management explanations and ratings in the financial statements for the period ended 30 September 2021. Additionally, you may find detailed information in the earnings presentation regarding financial results of the related period published on Garanti BBVA Investor Relations website at [www.garantibbvainvestorrelations.com](http://www.garantibbvainvestorrelations.com).

You may find financial information on Garanti BBVA for the most recent five year period in the 2020 Integrated Annual Report that was published on the Public Disclosure Platform, the Bank's website, Garanti BBVA Investor Relations website and at [www.garantibbvainvestorrelations.com/en/integrated-annual-report/](http://www.garantibbvainvestorrelations.com/en/integrated-annual-report/).

## **7.5 Information regarding management and corporate governance practices**

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

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

## **7.6 Forward looking statements regarding the expectations**

As per the Article 10 of the "Communiqué on Material Events Disclosure" (II-15.1) of Capital Markets Board, T. Garanti Bankası A.Ş. has announced its forward looking statements regarding the expectations for the year 2021. You may access the related presentation that was published on the Public Disclosure Platform, the Bank's website and Garanti BBVA Investor Relations' website at [www.garantibbvainvestorrelations.com](http://www.garantibbvainvestorrelations.com) in [Operating Plan Guidance Presentations](#) section.