

*(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 Year Ended
31 December 2022

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

Convenience Translation of the Auditor’s Audit Report Originally Issued in Turkish

Independent Auditors’ Report on Audit of Unconsolidated Financial Statements

To the General Assembly of Türkiye Garanti Bankası Anonim Şirketi;

Qualified Opinion

We have audited the unconsolidated statement of financial position of Türkiye Garanti Bankası A.Ş. (“the Bank”) at December 31, 2022 and the related unconsolidated statement of profit or loss, unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in shareholders’ equity, unconsolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the unconsolidated financial statements.

In our opinion, except for the effects of the matter on the unconsolidated financial statements described in the Basis of for Qualified Opinion paragraph, the accompanying unconsolidated financial statements present fairly, in all material respects, the unconsolidated financial position of the Bank as at December 31, 2022 and unconsolidated financial performance and unconsolidated its cash flows for the year then ended in accordance with the Banking Regulation and Supervision Agency (“BRSA”) Accounting and Financial Reporting Legislation which includes “Regulation on Accounting Applications for Banks and Safeguarding of Documents” published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by BRSA and Turkish Financial Reporting Standards (“TFRS”) for those matters not regulated by the aforementioned regulations.

Basis of Qualified Opinion

As explained in Section Five Part II.8.4, the accompanying unconsolidated financial statements as at December 31, 2022 include a free provision at an amount of Thousand TL 8,000,000 out of which Thousand TL 500,000 and Thousand TL 7,500,000 were provided in current and prior years, respectively by the Bank management for the possible effects of the negative circumstances which may arise from the possible changes in the economy and market conditions which does not meet the recognition criteria of TAS 37 “Provisions, Contingent Liabilities and Contingent Assets”.

Our audit was conducted in accordance with “Regulation on independent audit of the Banks” published in the Official Gazette no.29314 dated April 2, 2015 by BRSA (BRSA Independent Audit Regulation) and Independent Auditing Standards (“ISA”) which are the part of Turkish Auditing Standards issued by the Public Oversight Accounting and Auditing Standards Authority (“POA”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with of Code of Ethics for Independent Auditors (Code of Ethics) published by POA and have fulfilled our other responsibilities in accordance with the code of ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Other matter

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



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Key Audit Matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the unconsolidated financial statements of the current period. Key audit matters were addressed in the context of our audit of the unconsolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis of Qualified Opinion section we have determined the matters described below to be the key audit matters to be communicated in our report.

| Key Audit Matter | How the Key Audit Matter is addressed in our audit |
|---|---|
| <p><i>Financial impact of TFRS 9 “Financial Instruments” standard and impairment on financial assets and related important disclosures</i></p> | |
| <p>As presented in Section III disclosure VIII, the Bank recognizes expected credit losses of financial assets in accordance with TFRS 9 Financial Instruments standard. We considered impairment of financial assets as a key audit matter since:</p> <ul style="list-style-type: none"> - Amount of on and off balance sheet items that are subject to expected credit loss calculation is material to the financial statements. - There are complex and comprehensive requirements of TFRS 9. - Policies implemented by the Bank management include compliance risk to the regulations and other practices. - Processes of TFRS 9 are advanced and complex. - Judgements and estimates used in expected credit loss, complex and comprehensive. - Disclosure requirements of TFRS 9 are comprehensive and complex. | <p>Our audit procedures included among others include:</p> <ul style="list-style-type: none"> - Evaluating the appropriateness of accounting policies as to the requirements of TFRS 9, Bank’s past experience, local and global practices. - Reviewing and testing of processes which are used to calculate expected credit losses by involving our Information technology and process audit specialists. - Evaluation of the reasonableness and appropriateness of key judgments and estimates determined by management and the methods, judgments and data sources used in calculating expected loss, taking into account standard requirements, industry and global practices - Evaluating the alignment of the significant increase in credit risk determined during the calculation of expected credit losses, default definition, restructuring definition, probability of default, loss given default, exposure at default and macro-economic variables that are determined by the financial risk management experts with the Bank’s past performance, regulations, and other processes that has forward looking estimations. - Assessing the completeness and the accuracy of the data used for expected credit loss calculation. - Testing the mathematical accuracy of expected credit loss calculation on sample basis. - Evaluating the judgments and estimates used for the individually assessed financial assets. - Evaluating the necessity and accuracy of the updates made or required updates after the modeling process - Auditing of TFRS 9 disclosures. |



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| <i>Pension Fund Obligations</i> | How the Key Audit Matter is addressed in our audit |
|---|---|
| <p>The Bank's defined benefit pension plan is managed by "Türkiye Garanti Bankası A.Ş. Memur ve Müstahdemleri Emekli ve Yardım Sandığı Vakfı" (the "Fund") established as per the provisional article 20 of the Social Security Law No. 506 and the Bank's employees are the members of this Fund.</p> <p>As disclosed in Section III disclosure 17 to the unconsolidated financial statements, the Plan is composed of benefits which are subject to transfer to Social Security Foundation ("SSF") as per the Social Security Law No. 5510 provisional article 20, and other social rights and pension benefits provided by the Bank that are not transferable to SSF. The Council of Ministers has been authorized to determine the transfer date.</p> <p>Following the transfer, the non-transferable social rights and pension benefits provided under the Plan will be covered by the funds and the institutions that employ the funds' members.</p> <p>As of 31 December 2022, the Bank's transferrable liabilities are calculated by an independent actuary using the actuarial assumptions regulated by Law, and in accordance with the Decision of the Council of Ministers announced in the Official Gazette dated 15 December 2006 and No.26377.</p> <p>As of 31 December 2022, the Bank's non-transferable liabilities are also calculated by independent actuary in accordance with TAS 19 Employee Benefits.</p> <p>The valuation of the Pension Fund liabilities requires judgement in determining appropriate assumptions such as defining the transferrable social benefits, discount rates, salary increases, inflation levels, demographic assumptions, and the impact of changes in Pension Plan.</p> <p>Management uses independent actuaries to assist in assessing the uncertainty around these assumptions.</p> <p>Considering the subjectivity of key judgements and assumptions, plus the uncertainty around the transfer date and basis of the transfer calculation given the fact that the technical interest rate is prescribed under the law, we considered this to be a key audit matter.</p> | <p>It has been addressed whether there have been any significant changes in regulations governing pension liabilities, employee benefits plans during the period, that could lead to adjust the valuation of employee benefits. Support from actuarial auditor of another entity who is in the same audit network within our firm, has been taken to assess the appropriateness of the actuarial assumptions and calculations performed by the external actuary.</p> <p>Furthermore; the accuracy and adequacy of the footnotes in the unconsolidated financial statements of the Bank have been evaluated.</p> |

| Measurement of financial instruments (the fair value hierarchy of financial instruments determined as Level 3) | How the Key Audit Matter is addressed in our audit |
|--|---|
| <p>As disclosed section 3 footnote 3.7, the classification of the financial assets is based on the Bank's business model and characteristics of the contractual cash flows in accordance with Standard.</p> <p>The fair value of the loan classified as financial assets measured at fair value through profit or loss according to business model is determined as Level 3 considering the significant unobservable inputs, assumptions and estimates used.</p> <p>Management assesses the significant unobservable inputs and uncertainties due to assumptions and estimates with the involvement of an independent valuation firm.</p> <p>The Bank has also financial liabilities (securitization loans) which are accounted by using the fair value option on the initial recognition in order to eliminate any accounting mismatch in accordance with Standard.</p> <p>The fair value of the securitization loans which are accounted as financial liabilities measured at fair value through profit or loss are determined as Level 3 considering the significant unobservable inputs, assumptions and estimates used.</p> <p>As mentioned above, the measurement of financial instruments (the fair value hierarchy of financial instruments determined as Level 3) is determined as key audit matter considering high degree of judgements and assumptions</p> | <p>Our procedures for testing the fair value hierarchy of the financial instruments (the fair value hierarchy of financial instruments determined as Level 3) included below:</p> <p>We evaluated the design and implementation of the controls that the Bank sets for the measurement of fair value of the relevant financial instruments.</p> <p>We assessed the policy of the measurement of financial instruments based on Standard and compared with the requirements of Standard.</p> <p>We involved our own valuation specialists to evaluate the significant unobservable inputs and assumptions used by the Bank for the fair value calculation of the related instruments.</p> <p>We also evaluated the adequacy of the consolidated financial statements' disclosures related to the measurement of financial instruments determined as Level financial instruments.</p> |

Responsibilities of Management and Directors for the Unconsolidated Financial Statements

Bank management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with the BRSA Accounting and Reporting Legislation and for such internal control as management determines is necessary to enable the preparation of the financial statement that is free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements

In an independent audit, the responsibilities of us as independent auditors are:

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with BRSA Independent Audit Regulation and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with BRSA Independent Audit Regulation and ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. (The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.)
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with government with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



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From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

- 1) In accordance with Article 402 paragraph 4 of the Turkish Commercial Code ("TCC") no 6102; no significant matter has come to our attention that causes us to believe that the Bank's bookkeeping activities and financial statements for the period January 1 – December 31, 2022 are not in compliance with the TCC and provisions of the Bank's articles of association in relation to financial reporting.
- 2) In accordance with Article 402 paragraph 4 of the TCC; the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

The engagement partner who supervised and concluded this independent auditor's report is Damla Harman.

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

Damla Harman, SMMM
Partner

January 31, 2023
Istanbul, Turkey

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Originally Issued in Turkish)*

TÜRKİYE GARANTİ BANKASI ANONİM ŞİRKETİ
UNCONSOLIDATED FINANCIAL REPORT
AS OF AND FOR THE YEAR ENDED 31 DECEMBER 2022

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The unconsolidated year-end financial report 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. Other Disclosures and Footnotes
7. Independent Auditors' Report

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

Süleyman Sözen
Board of Directors
Chairman

Recep Baştuğ
General Manager

Aydın Güler
Executive Vice President
Responsible of Financial
Reporting

Hakan Özdemir
Financial Reporting and
Accounting Director

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

Avni Aydın Düren
Audit Committee Member

Belkis Sema Yurdum
Audit Committee
Member

The authorized contact person for questions on this financial report:

Name-Surname/Title: Handan SAYGIN/Director of Investor Relations
Phone no: 90 212 318 23 50
Fax no: 90 212 216 59 02

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1 General Information

1.1 History of the bank including its incorporation date, initial legal status, amendments to legal status

Türkiye Garanti Bankası Anonim Şirketi (“the Bank”) was established by the decree of Council of Ministers numbered 3/4010 dated 11 April 1946 as a “private bank” and its “Articles of Association” was issued in the Official Gazette dated 25 April 1946.

Following the acquisition on 27 July 2015, Banco Bilbao Vizcaya Argentaria SA (BBVA)’s stake in the Bank reached to 39.90% and BBVA become the main shareholder. Accordingly, the Bank was moved to the “Foreign Deposit Banks” category from the “Private Deposit Bank” category by the Banking Regulation and Supervision Agency (“the BRSA”).

The Bank provides banking services through 829 domestic branches, 8 foreign branches and 1 representative offices abroad (31 December 2021: 863 domestic branches, 8 foreign branches and 1 representative offices). The Bank’s head office is located in Istanbul.

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

As of 31 December 2022, group of companies under BBVA that currently owns 85.97% shares of the Bank, is defined as the BBVA Group (“the Group”) and it is the main shareholder.

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

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

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

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

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

BBVA Group

BBVA is operating for more than 160 years, providing variety of wide spread financial and non-financial services to 87.4 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 114 thousand employees.

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

Board of Directors Chairman and Members:

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

CEO and Executive Vice Presidents:

| Name and Surname | Responsibility | Appointment Date | Education | Experience in Banking and Business Administration |
|-----------------------|---|------------------|------------|---|
| Recep Baştuğ | CEO | 06.09.2019 | University | 32 years |
| İlker Kuruöz | EVP-Engineering Services and Data | 14.03.2018 | Master | 30 years |
| Mahmut Akten | EVP-Corporate, Investment Banking and Global Markets | 17.01.2017 | Master | 23 years |
| Işıl Akdemir Evlioğlu | EVP- Client Solutions | 01.03.2020 | Master | 19 years |
| Cemal Onaran | EVP-Commercial Banking | 17.01.2017 | University | 31 years |
| Tuba Köseoğlu Okçu* | EVP- Talent and Culture | 12.09.2022 | University | 25 years |
| Aydın Güler | EVP- Finance and Treasury | 03.02.2016 | University | 32 years |
| Murat Atay | Head of Credit Risk Management | 01.01.2021 | PhD | 28 years |
| Ceren Acer Kezik | EVP-Retail Banking | 06.06.2022 | Master | 12 years |
| Murat Çağrı Süzer | EVP-Payment Systems and Partnership | 06.06.2022 | Master | 16 years |
| Sibel Kaya | EVP- SME Banking | 02.02.2021 | University | 24 years |

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

1.4 Information on the Bank's qualified shareholders

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

1.5 Summary information on the Bank's activities and services

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

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

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

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

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

1.6 Current or likely actual or legal barriers to immediate transfer of equity or repayment of debts between the bank and its subsidiaries

None.

2 Unconsolidated Financial Statements

(Convenience Translation of Financial Statements Originally Issued in Turkish)

Türkiye Garanti Bankası Anonim Şirketi
Balance Sheet (Statement of Financial Position)
At 31 December 2022

| ASSETS | | Footnotes | THOUSANDS OF TURKISH LIRA (TL) | | | | | |
|---|--------|-----------|------------------------------------|--------------------|----------------------|----------------------------------|--------------------|--------------------|
| | | | CURRENT PERIOD 31 December 2022 | | | PRIOR PERIOD 31 December 2021 | | |
| | | | TL | FC | Total | TL | FC | Total |
| I. FINANCIAL ASSETS (Net) | | | 112,872,415 | 207,118,991 | 319,991,406 | 96,070,689 | 172,989,187 | 269,059,876 |
| 1.1 Cash and Cash Equivalents | | | 44,175,474 | 185,656,072 | 229,831,546 | 44,568,492 | 155,920,012 | 200,488,504 |
| 1.1.1 Cash and Balances with Central Bank | 5.1.1 | | 9,205,356 | 128,688,052 | 137,893,408 | 13,530,186 | 109,582,964 | 123,113,150 |
| 1.1.2 Banks | | | 611,390 | 22,495,040 | 23,106,430 | 666,522 | 43,494,704 | 44,161,226 |
| 1.1.3 Money Market Placements | | | 34,719,478 | 35,013,551 | 69,733,029 | 30,486,557 | 2,964,602 | 33,451,159 |
| 1.1.4 Expected Credit Losses (-) | | | 360,750 | 540,571 | 901,321 | 114,773 | 122,258 | 237,031 |
| 1.2 Financial Assets Measured at Fair Value through Profit/Loss (FVTPL) | | | 1,208,768 | 1,256,664 | 2,465,432 | 853,972 | 5,416,191 | 6,270,163 |
| 1.2.1 Government Securities | 5.1.2 | | 1,098,714 | 616,986 | 1,715,700 | 815,868 | 380,110 | 1,195,978 |
| 1.2.2 Equity Securities | | | 87,470 | 67,322 | 154,792 | 37,263 | 99,701 | 136,964 |
| 1.2.3 Other Financial Assets | | | 22,584 | 572,356 | 594,940 | 841 | 4,936,380 | 4,937,221 |
| 1.3 Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI) | | | 63,130,119 | 14,169,090 | 77,299,209 | 35,382,397 | 9,393,760 | 44,776,157 |
| 1.3.1 Government Securities | 5.1.3 | | 62,993,455 | 13,324,042 | 76,317,497 | 35,311,746 | 8,963,970 | 44,275,716 |
| 1.3.2 Equity Securities | | | 136,664 | 845,048 | 981,712 | 70,651 | 429,790 | 500,441 |
| 1.3.3 Other Financial Assets | | | - | - | - | - | - | - |
| 1.4 Derivative Financial Assets | | | 4,358,054 | 6,037,165 | 10,395,219 | 15,265,828 | 2,259,224 | 17,525,052 |
| 1.4.1 Derivative Financial Assets Measured at FVTPL | 5.1.4 | | 4,178,597 | 5,083,516 | 9,262,113 | 14,519,162 | 2,175,921 | 16,695,083 |
| 1.4.2 Derivative Financial Assets Measured at FVOCI | | | 179,457 | 953,649 | 1,133,106 | 746,666 | 83,303 | 829,969 |
| II. FINANCIAL ASSETS MEASURED AT AMORTIZED COST | | | 537,818,421 | 202,770,876 | 740,589,297 | 286,850,108 | 153,233,623 | 440,083,731 |
| 2.1 Loans | | | 494,466,701 | 174,934,085 | 669,400,786 | 273,785,070 | 151,069,530 | 424,854,600 |
| 2.2 Lease Receivables | | | - | - | - | - | - | - |
| 2.3 Other Financial Assets Measured at Amortised Cost | | | 62,454,628 | 45,773,227 | 108,227,855 | 22,748,762 | 19,276,562 | 42,025,324 |
| 2.3.1 Government Securities | 5.1.5 | | 62,420,560 | 42,843,973 | 105,264,533 | 22,714,693 | 17,247,652 | 39,962,345 |
| 2.3.2 Other Financial Assets | 5.1.6 | | 34,068 | 2,929,254 | 2,963,322 | 34,069 | 2,028,910 | 2,062,979 |
| 2.4 Expected Credit Losses (-) | | | 19,102,908 | 17,936,436 | 37,039,344 | 9,683,724 | 17,112,469 | 26,796,193 |
| III. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net) | | | 767,582 | - | 767,582 | 532,647 | - | 532,647 |
| 3.1 Asset Held for Resale | 5.1.8 | | 767,582 | - | 767,582 | 532,647 | - | 532,647 |
| 3.2 Assets of Discontinued Operations | | | - | - | - | - | - | - |
| IV. INVESTMENTS IN ASSOCIATES,SUBSIDIARIES AND JOINT VENTURES | | | 8,896,423 | 20,199,057 | 29,095,480 | 5,558,317 | 14,411,838 | 19,970,155 |
| 4.1 Associates (Net) | | | 110,939 | - | 110,939 | 47,221 | - | 47,221 |
| 4.1.1 Associates Consolidated Under Equity Accounting | 5.1.9 | | - | - | - | - | - | - |
| 4.1.2 Unconsolidated Associates | | | 110,939 | - | 110,939 | 47,221 | - | 47,221 |
| 4.2 Subsidiaries (Net) | | | 8,785,484 | 20,199,057 | 28,984,541 | 5,511,096 | 14,411,838 | 19,922,934 |
| 4.2.1 Unconsolidated Financial Investments in Subsidiaries | 5.1.10 | | 8,740,804 | 20,199,057 | 28,939,861 | 5,489,289 | 14,411,838 | 19,901,127 |
| 4.2.2 Unconsolidated Non-Financial Investments in Subsidiaries | | | 44,680 | - | 44,680 | 21,807 | - | 21,807 |
| 4.3 Joint Ventures (Net) | | | - | - | - | - | - | - |
| 4.3.1 Joint-Ventures Consolidated Under Equity Accounting | 5.1.11 | | - | - | - | - | - | - |
| 4.3.2 Unconsolidated Joint-Ventures | | | - | - | - | - | - | - |
| V. TANGIBLE ASSETS (Net) | | | 9,968,922 | 345 | 9,969,267 | 5,194,595 | 346 | 5,194,941 |
| VI. INTANGIBLE ASSETS (Net) | | | 1,023,989 | - | 1,023,989 | 771,668 | - | 771,668 |
| 6.1 Goodwill | 5.1.13 | | - | - | - | - | - | - |
| 6.2 Others | | | 1,023,989 | - | 1,023,989 | 771,668 | - | 771,668 |
| VII. INVESTMENT PROPERTY (Net) | | | 1,815,310 | - | 1,815,310 | 814,148 | - | 814,148 |
| VIII. CURRENT TAX ASSET | | | - | - | - | - | - | - |
| IX. DEFERRED TAX ASSET | | | 6,769,614 | - | 6,769,614 | 4,226,924 | - | 4,226,924 |
| X. OTHER ASSETS (Net) | | | 36,664,010 | 5,485,682 | 42,149,692 | 12,017,769 | 6,208,293 | 18,226,062 |
| TOTAL ASSETS | | | 716,596,686 | 435,574,951 | 1,152,171,637 | 412,036,865 | 346,843,287 | 758,880,152 |

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

Türkiye Garanti Bankası Anonim Şirketi
Balance Sheet (Statement of Financial Position)
At 31 December 2022

| LIABILITIES AND SHAREHOLDERS' EQUITY | Footnotes | THOUSANDS OF TURKISH LIRA (TL) | | | | | |
|---|-----------|------------------------------------|--------------------|----------------------|----------------------------------|--------------------|--------------------|
| | | CURRENT PERIOD 31 December 2022 | | | PRIOR PERIOD 31 December 2021 | | |
| | | TL | FC | Total | TL | FC | Total |
| I. DEPOSITS | 5.2.1 | 427,313,084 | 363,350,874 | 790,663,958 | 180,483,956 | 332,755,601 | 513,239,557 |
| II. FUNDS BORROWED | 5.2.2 | 1,007,811 | 33,998,244 | 35,006,055 | 1,119,813 | 35,693,426 | 36,813,239 |
| III. MONEY MARKET FUNDS | 5.2.3 | 49,010 | 16,271,829 | 16,320,839 | 7,402,927 | 2,226,671 | 9,629,598 |
| IV. SECURITIES ISSUED (NET) | 5.2.4 | 151,673 | 12,720,860 | 12,872,533 | 5,346,082 | 16,496,903 | 21,842,985 |
| 4.1 Bills | | - | 990,538 | 990,538 | 4,089,879 | - | 4,089,879 |
| 4.2 Asset Backed Securities | | - | - | - | - | - | - |
| 4.3 Bonds | | 151,673 | 11,730,322 | 11,881,995 | 1,256,203 | 16,496,903 | 17,753,106 |
| V. FUNDS | | - | - | - | - | - | - |
| 5.1 Borrowers' Funds | | - | - | - | - | - | - |
| 5.2 Others | | - | - | - | - | - | - |
| VI. FINANCIAL LIABILITIES MEASURED AT FVTPL | 5.2.5 | - | 31,788,046 | 31,788,046 | - | 24,035,836 | 24,035,836 |
| VII. DERIVATIVE FINANCIAL LIABILITIES | 5.2.6 | 4,997,459 | 5,892,898 | 10,890,357 | 6,938,591 | 6,024,155 | 12,962,746 |
| 7.1 Derivative Financial Liabilities Measured at FVTPL | | 4,976,348 | 5,892,898 | 10,869,246 | 6,897,380 | 5,784,248 | 12,681,628 |
| 7.2 Derivative Financial Liabilities Measured at FVOCI | | 21,111 | - | 21,111 | 41,211 | 239,907 | 281,118 |
| VIII. FACTORING PAYABLES | | - | - | - | - | - | - |
| IX. LEASE PAYABLES (Net) | 5.2.7 | 1,056,987 | 135,065 | 1,192,052 | 778,439 | 77,661 | 856,100 |
| X. PROVISIONS | 5.2.8 | 6,618,736 | 11,898,799 | 18,517,535 | 4,082,854 | 8,957,984 | 13,040,838 |
| 10.1 Restructuring Reserves | | - | - | - | - | - | - |
| 10.2 Reserve for Employee Benefits | | 3,227,691 | 122,691 | 3,350,382 | 1,727,204 | 98,603 | 1,825,807 |
| 10.3 Insurance Technical Provisions (Net) | | - | - | - | - | - | - |
| 10.4 Other Provisions | | 3,391,045 | 11,776,108 | 15,167,153 | 2,355,650 | 8,859,381 | 11,215,031 |
| XI. CURRENT TAX LIABILITY | 5.2.9 | 7,390,346 | 96,044 | 7,486,390 | 2,587,170 | 69,205 | 2,656,375 |
| XII. DEFERRED TAX LIABILITY | | - | - | - | - | - | - |
| XIII. LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net) | 5.2.10 | - | - | - | - | - | - |
| 13.1 Asset Held for Sale | | - | - | - | - | - | - |
| 13.2 Assets of Discontinued Operations | | - | - | - | - | - | - |
| XIV. SUBORDINATED DEBTS | 5.2.11 | 1,021,983 | 14,046,860 | 15,068,843 | 1,030,662 | 9,880,843 | 10,911,505 |
| 14.1 Borrowings | | - | - | - | - | - | - |
| 14.2 Other Debt Instruments | | 1,021,983 | 14,046,860 | 15,068,843 | 1,030,662 | 9,880,843 | 10,911,505 |
| XV. OTHER LIABILITIES | 5.2.12 | 51,135,668 | 8,543,868 | 59,679,536 | 28,966,245 | 3,943,869 | 32,910,114 |
| XVI. SHAREHOLDERS' EQUITY | 5.2.13 | 152,314,759 | 370,734 | 152,685,493 | 80,286,603 | (305,344) | 79,981,259 |
| 16.1 Paid-in Capital | | 4,200,000 | - | 4,200,000 | 4,200,000 | - | 4,200,000 |
| 16.2 Capital Reserves | | 784,434 | - | 784,434 | 784,434 | - | 784,434 |
| 16.2.1 Share Premium | | 11,880 | - | 11,880 | 11,880 | - | 11,880 |
| 16.2.2 Share Cancellation Profits | | - | - | - | - | - | - |
| 16.2.3 Other Capital Reserves | | 772,554 | - | 772,554 | 772,554 | - | 772,554 |
| 16.3 Other Comprehensive Income/Expense Items not to be Recycled to Profit or Loss | | 4,089,893 | 199,352 | 4,289,245 | 1,531,823 | 191,105 | 1,722,928 |
| 16.4 Other Comprehensive Income/Expense Items to be Recycled to Profit or Loss | | 20,808,718 | (190,305) | 20,618,413 | 8,575,312 | (770,484) | 7,804,828 |
| 16.5 Profit Reserves | | 62,828,078 | 361,687 | 63,189,765 | 51,045,044 | 274,035 | 51,319,079 |
| 16.5.1 Legal Reserves | | 1,616,487 | - | 1,616,487 | 1,506,754 | - | 1,506,754 |
| 16.5.2 Status Reserves | | - | - | - | - | - | - |
| 16.5.3 Extraordinary Reserves | | 61,107,326 | - | 61,107,326 | 49,269,359 | - | 49,269,359 |
| 16.5.4 Other Profit Reserves | | 104,265 | 361,687 | 465,952 | 268,931 | 274,035 | 542,966 |
| 16.6 Profit/Loss | | 59,603,636 | - | 59,603,636 | 14,149,990 | - | 14,149,990 |
| 16.6.1 Prior Periods' Profit/Loss | | 1,094,478 | - | 1,094,478 | 548,851 | - | 548,851 |
| 16.6.2 Current Period's Net Profit/Loss | | 58,509,158 | - | 58,509,158 | 13,601,139 | - | 13,601,139 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | 653,057,516 | 499,114,121 | 1,152,171,637 | 319,023,342 | 439,856,810 | 758,880,152 |

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

Türkiye Garanti Bankası Anonim Şirketi

Off-Balance Sheet Items

At 31 December 2022

| | Footnotes | THOUSANDS OF TURKISH LIRA (TL) | | | | | |
|--|-----------|--------------------------------|---------------|---------------|------------------|---------------|---------------|
| | | CURRENT PERIOD | | | PRIOR PERIOD | | |
| | | 31 December 2022 | | | 31 December 2021 | | |
| | TL | FC | Total | TL | FC | Total | |
| A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III) | | | | | | | |
| I. GUARANTEES AND SURETIES | | | | | | | |
| 1. Letters of guarantee | 5.3.1 | 665,534,731 | 825,722,772 | 1,491,257,503 | 346,807,634 | 596,467,542 | 943,275,176 |
| 1.1. Guarantees subject to State Tender Law | | 109,607,909 | 112,761,796 | 222,369,705 | 44,306,497 | 84,699,341 | 129,005,838 |
| 1.1.1. Guarantees given for foreign trade operations | | 103,006,476 | 79,612,373 | 182,618,849 | 44,007,746 | 57,782,766 | 101,790,512 |
| 1.1.2. Other letters of guarantee | | - | 3,426,185 | 3,426,185 | - | 2,359,247 | 2,359,247 |
| 1.2. Bank acceptances | | 4,397,754 | 911,651 | 5,309,405 | 3,089,307 | 1,106,832 | 4,196,139 |
| 1.2.1. Import letter of acceptance | | 98,608,722 | 75,274,537 | 173,883,259 | 40,918,439 | 54,316,687 | 95,235,126 |
| 1.2.2. Other bank acceptances | | 496,948 | 3,421,615 | 3,918,563 | 65,766 | 2,685,971 | 2,751,737 |
| 1.3. Letters of credit | | 496,948 | 3,421,615 | 3,918,563 | 65,766 | 2,685,971 | 2,751,737 |
| 1.3.1. Documentary letters of credit | | 746,185 | 29,268,254 | 30,014,439 | 160,485 | 23,014,869 | 23,175,354 |
| 1.3.2. Other letters of credit | | - | - | - | - | - | - |
| 1.4. Guaranteed prefinancings | | 746,185 | 29,268,254 | 30,014,439 | 160,485 | 23,014,869 | 23,175,354 |
| 1.5. Endorsements | | 5,358,300 | 295,471 | 5,653,771 | 72,500 | 1,056,461 | 1,128,961 |
| 1.5.1. Endorsements to the Central Bank of Turkey | | 5,358,300 | 295,471 | 5,653,771 | 72,500 | 1,056,461 | 1,128,961 |
| 1.5.2. Other endorsements | | - | - | - | - | - | - |
| 1.6. Underwriting commitments | | - | - | - | - | - | - |
| 1.7. Factoring related guarantees | | - | - | - | - | - | - |
| 1.8. Other guarantees | | - | 164,083 | 164,083 | - | 159,274 | 159,274 |
| 1.9. Other sureties | | - | - | - | - | - | - |
| II. COMMITMENTS | 5.3.1 | 216,440,351 | 16,506,848 | 232,947,199 | 101,591,900 | 30,130,756 | 131,722,656 |
| 2.1. Irrevocable commitments | | 215,825,936 | 14,798,340 | 230,624,276 | 101,034,570 | 17,195,616 | 118,230,186 |
| 2.1.1. Asset purchase and sale commitments | | 5,185,976 | 11,362,907 | 16,548,883 | 5,160,834 | 14,114,864 | 19,275,698 |
| 2.1.2. Deposit purchase and sale commitments | | - | - | - | - | - | - |
| 2.1.3. Share capital commitments to associates and affiliates | | - | 6,102 | 6,102 | - | 4,560 | 4,560 |
| 2.1.4. Loan granting commitments | | 66,562,811 | 3,203,857 | 69,766,668 | 30,189,679 | 3,076,192 | 33,265,871 |
| 2.1.5. Securities issuance brokerage commitments | | - | - | - | - | - | - |
| 2.1.6. Commitments for reserve deposit requirements | | - | - | - | - | - | - |
| 2.1.7. Commitments for cheque payments | | 5,515,488 | - | 5,515,488 | 3,956,330 | - | 3,956,330 |
| 2.1.8. Tax and fund obligations on export commitments | | 342,576 | - | 342,576 | 116,784 | - | 116,784 |
| 2.1.9. Commitments for credit card limits | | 138,215,802 | - | 138,215,802 | 61,609,747 | - | 61,609,747 |
| 2.1.10. Commitments for credit cards and banking services related promotions | | 3,283 | - | 3,283 | 1,196 | - | 1,196 |
| 2.1.11. Receivables from "short" sale commitments on securities | | - | - | - | - | - | - |
| 2.1.12. Payables from "short" sale commitments on securities | | - | - | - | - | - | - |
| 2.1.13. Other irrevocable commitments | | - | 225,474 | 225,474 | - | - | - |
| 2.2. Revocable commitments | | 614,415 | 1,708,508 | 2,322,923 | 557,330 | 12,935,140 | 13,492,470 |
| 2.2.1. Revocable loan granting commitments | | 614,415 | 1,703,325 | 2,317,740 | 557,330 | 12,931,455 | 13,488,785 |
| 2.2.2. Other revocable commitments | | - | 5,183 | 5,183 | - | 3,685 | 3,685 |
| III. DERIVATIVE FINANCIAL INSTRUMENTS | 5.3.2 | 339,486,471 | 696,454,128 | 1,035,940,599 | 200,909,237 | 481,637,445 | 682,546,682 |
| 3.1. Derivative financial instruments held for risk management | | 5,714,878 | 53,547,650 | 59,262,528 | 9,997,807 | 57,572,415 | 67,570,222 |
| 3.1.1. Fair value hedges | | - | 14,408,800 | 14,408,800 | 400,000 | 10,367,175 | 10,767,175 |
| 3.1.2. Cash flow hedges | | 5,714,878 | 39,138,850 | 44,853,728 | 9,597,807 | 47,205,240 | 56,803,047 |
| 3.1.3. Net foreign investment hedges | | - | - | - | - | - | - |
| 3.2. Trading derivatives | | 333,771,593 | 642,906,478 | 976,678,071 | 190,911,430 | 424,065,030 | 614,976,460 |
| 3.2.1. Forward foreign currency purchases/sales | | 28,779,508 | 34,024,594 | 62,804,102 | 13,308,349 | 17,780,565 | 31,088,914 |
| 3.2.1.1. Forward foreign currency purchases | | 26,847,707 | 5,091,089 | 31,938,796 | 9,728,979 | 5,458,737 | 15,187,716 |
| 3.2.1.2. Forward foreign currency sales | | 1,931,801 | 28,933,505 | 30,865,306 | 3,579,370 | 12,321,828 | 15,901,198 |
| 3.2.2. Currency and interest rate swaps | | 242,826,052 | 453,667,079 | 696,493,131 | 164,194,177 | 311,301,976 | 475,496,153 |
| 3.2.2.1. Currency swaps-purchases | | 13,609,695 | 182,934,821 | 196,544,516 | 3,466,859 | 132,141,114 | 135,607,973 |
| 3.2.2.2. Currency swaps-sales | | 131,095,221 | 82,683,056 | 213,778,277 | 106,132,322 | 32,852,678 | 138,985,000 |
| 3.2.2.3. Interest rate swaps-purchases | | 49,060,568 | 94,024,601 | 143,085,169 | 27,297,498 | 73,154,092 | 100,451,590 |
| 3.2.2.4. Interest rate swaps-sales | | 49,060,568 | 94,024,601 | 143,085,169 | 27,297,498 | 73,154,092 | 100,451,590 |
| 3.2.3. Currency, interest rate and security options | | 61,285,293 | 67,718,964 | 129,004,257 | 12,284,808 | 22,228,111 | 34,512,919 |
| 3.2.3.1. Currency call options | | 56,297,080 | 5,668,401 | 61,965,481 | 4,417,926 | 6,898,987 | 11,316,913 |
| 3.2.3.2. Currency put options | | 4,988,213 | 55,625,430 | 60,613,643 | 7,866,882 | 6,448,093 | 14,314,975 |
| 3.2.3.3. Interest rate call options | | - | 3,423,170 | 3,423,170 | - | 4,982,841 | 4,982,841 |
| 3.2.3.4. Interest rate put options | | - | 3,001,963 | 3,001,963 | - | 3,691,321 | 3,691,321 |
| 3.2.3.5. Security call options | | - | - | - | - | - | - |
| 3.2.3.6. Security put options | | - | - | - | - | 206,869 | 206,869 |
| 3.2.4. Currency futures | | 880,740 | 762,272 | 1,643,012 | 1,124,096 | 1,112,905 | 2,237,001 |
| 3.2.4.1. Currency futures-purchases | | 799,899 | 79,016 | 878,915 | 809,350 | 301,139 | 1,110,489 |
| 3.2.4.2. Currency futures-sales | | 80,841 | 683,256 | 764,097 | 314,746 | 811,766 | 1,126,512 |
| 3.2.5. Interest rate futures | | - | - | - | - | 157,116 | 157,116 |
| 3.2.5.1. Interest rate futures-purchases | | - | - | - | - | - | - |
| 3.2.5.2. Interest rate futures-sales | | - | - | - | - | 157,116 | 157,116 |
| 3.2.6. Others | | - | 86,733,569 | 86,733,569 | - | 71,484,357 | 71,484,357 |
| B. CUSTODY AND PLEDGED ITEMS (IV+V+VI) | | 1,661,111,370 | 2,780,585,193 | 4,441,696,563 | 1,052,291,389 | 1,972,779,369 | 3,025,070,758 |
| IV. ITEMS HELD IN CUSTODY | | 136,877,167 | 172,347,852 | 309,225,019 | 75,539,932 | 105,251,963 | 180,791,895 |
| 4.1. Customers' securities held | | 55,927,001 | - | 55,927,001 | 26,180,085 | - | 26,180,085 |
| 4.2. Investment securities held in custody | | 24,555,572 | 86,675,159 | 111,230,731 | 18,343,337 | 37,995,927 | 56,339,264 |
| 4.3. Checks received for collection | | 50,199,454 | 13,325,678 | 63,525,132 | 27,221,508 | 13,470,090 | 40,691,598 |
| 4.4. Commercial notes received for collection | | 5,289,437 | 2,120,501 | 7,409,938 | 3,427,104 | 1,772,129 | 5,199,233 |
| 4.5. Other assets received for collection | | 381,599 | 64,229,182 | 64,610,781 | 275,296 | 47,251,662 | 47,526,958 |
| 4.6. Assets received through public offering | | - | 452,123 | 452,123 | - | 319,790 | 319,790 |
| 4.7. Other items under custody | | 524,104 | 5,545,209 | 6,069,313 | 92,602 | 4,442,365 | 4,534,967 |
| 4.8. Custodians | | - | - | - | - | - | - |
| V. PLEDGED ITEMS | | 1,524,234,203 | 2,608,237,341 | 4,132,471,544 | 976,751,457 | 1,867,527,406 | 2,844,278,863 |
| 5.1. Securities | | 15,269,899 | 11,220,410 | 26,490,309 | 7,750,984 | 5,992,958 | 13,743,942 |
| 5.2. Guarantee notes | | 22,879,101 | 33,307,826 | 56,186,927 | 22,906,994 | 23,858,796 | 46,765,790 |
| 5.3. Commodities | | 799,406 | - | 799,406 | 441,462 | - | 441,462 |
| 5.4. Warranties | | - | - | - | - | - | - |
| 5.5. Real estates | | 365,026,455 | 387,609,865 | 752,636,320 | 220,239,773 | 300,612,642 | 520,852,415 |
| 5.6. Other pledged items | | 1,120,259,342 | 2,176,099,240 | 3,296,358,582 | 725,412,244 | 1,537,062,795 | 2,262,475,039 |
| 5.7. Pledged items-depository | | - | - | - | - | 215 | 215 |
| VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES | | - | - | - | - | - | - |
| TOTAL OFF-BALANCE SHEET ITEMS (A+B) | | 2,326,646,101 | 3,606,307,965 | 5,932,954,066 | 1,399,099,023 | 2,569,246,911 | 3,968,345,934 |

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

Türkiye Garanti Bankası Anonim Şirketi

Statement of Profit or Loss

For the period ended at 31 December 2022

| INCOME AND EXPENSE ITEMS | Footnotes | THOUSANDS OF TURKISH LIRA (TL) | |
|--|---------------|--|--|
| | | CURRENT PERIOD 1 January 2022 - 31 December 2022 | PRIOR PERIOD 1 January 2021 - 31 December 2021 |
| I. INTEREST INCOME | 5.4.1 | 125,832,574 | 57,098,598 |
| 1.1 Interest income on loans | | 80,623,230 | 43,601,675 |
| 1.2 Interest income on reserve deposits | | 281,760 | 905,980 |
| 1.3 Interest income on banks | | 420,824 | 48,309 |
| 1.4 Interest income on money market transactions | | 2,742,989 | 2,048,774 |
| 1.5 Interest income on securities portfolio | | 41,162,769 | 10,011,018 |
| 1.5.1 Financial assets measured at FVTPL | | 180,976 | 122,139 |
| 1.5.2 Financial assets measured at FVOCI | | 20,086,163 | 5,352,011 |
| 1.5.3 Financial assets measured at amortised cost | | 20,895,630 | 4,536,868 |
| 1.6 Financial lease income | | - | - |
| 1.7 Other interest income | | 601,002 | 482,842 |
| II. INTEREST EXPENSE | 5.4.2 | 42,513,761 | 23,458,604 |
| 2.1 Interest on deposits | | 33,502,100 | 19,454,116 |
| 2.2 Interest on funds borrowed | | 3,093,618 | 1,424,479 |
| 2.3 Interest on money market transactions | | 531,653 | 145,284 |
| 2.4 Interest on securities issued | | 2,353,625 | 2,256,289 |
| 2.5 Lease interest expense | | 167,374 | 122,903 |
| 2.6 Other interest expenses | | 2,865,391 | 55,533 |
| III. NET INTEREST INCOME (I - II) | | 83,318,813 | 33,639,994 |
| IV. NET FEES AND COMMISSIONS INCOME/EXPENSES | 5.4.12 | 16,627,504 | 8,500,819 |
| 4.1 Fees and commissions received | | 23,144,912 | 11,570,828 |
| 4.1.1 Non-cash loans | | 1,616,009 | 947,895 |
| 4.1.2 Others | | 21,528,903 | 10,622,933 |
| 4.2 Fees and commissions paid | | 6,517,408 | 3,070,009 |
| 4.2.1 Non-cash loans | | 4,646 | 2,575 |
| 4.2.2 Others | | 6,512,762 | 3,067,434 |
| V. DIVIDEND INCOME | 5.4.3 | 57,225 | 18,105 |
| VI. NET TRADING INCOME/LOSSES (Net) | 5.4.4 | 8,526,829 | 3,838,000 |
| 6.1 Trading account income/losses | | (1,103,269) | 2,661,814 |
| 6.2 Income/losses from derivative financial instruments | | (20,750,850) | (5,359,351) |
| 6.3 Foreign exchange gains/losses | | 30,380,948 | 6,535,537 |
| VII. OTHER OPERATING INCOME | 5.4.5 | 11,973,737 | 8,979,697 |
| VIII. TOTAL OPERATING PROFIT (III+IV+V+VI+VII) | | 120,504,108 | 54,976,615 |
| IX. EXPECTED CREDIT LOSSES (-) | 5.4.6 | 23,898,743 | 19,527,693 |
| X. OTHER PROVISIONS (-) | 5.4.6 | 3,411,729 | 7,404,926 |
| XI. PERSONNEL EXPENSES (-) | | 8,171,018 | 5,060,739 |
| XII. OTHER OPERATING EXPENSES (-) | 5.4.7 | 14,737,730 | 7,612,243 |
| XIII. NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII) | | 70,284,888 | 15,371,014 |
| XIV. INCOME RESULTED FROM MERGERS | | - | - |
| XV. INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING | | 5,317,917 | 2,461,636 |
| XVI. GAIN/LOSS ON NET MONETARY POSITION | | - | - |
| XVII. OPERATING PROFIT/LOSS BEFORE TAXES (XIII+...+XVI) | 5.4.8 | 75,602,805 | 17,832,650 |
| XVIII. PROVISION FOR TAXES OF CONTINUED OPERATIONS (±) | 5.4.9 | 17,093,647 | 4,231,511 |
| 18.1 Current tax charge | | 19,519,845 | 4,639,274 |
| 18.2 Deferred tax charge (+) | | 5,249,731 | 3,011,260 |
| 18.3 Deferred tax credit (-) | | (7,675,929) | (3,419,023) |
| XIX. NET OPERATING PROFIT/LOSS AFTER TAXES (XVII±XVIII) | 5.4.10 | 58,509,158 | 13,601,139 |
| XX. INCOME FROM DISCONTINUED OPERATIONS | | - | - |
| 20.1 Income from assets held for sale | | - | - |
| 20.2 Income from sale of associates, subsidiaries and joint-ventures | | - | - |
| 20.3 Others | | - | - |
| XXI. EXPENSES FROM DISCONTINUED OPERATIONS (-) | | - | - |
| 21.1 Expenses on assets held for sale | | - | - |
| 21.2 Expenses on sale of associates, subsidiaries and joint-ventures | | - | - |
| 21.3 Others | | - | - |
| XXII. PROFIT/LOSS BEFORE TAXES ON DISCONTINUED OPERATIONS (XX-XXI) | 5.4.8 | - | - |
| XXIII. PROVISION FOR TAXES OF DISCONTINUED OPERATIONS (±) | 5.4.9 | - | - |
| 23.1 Current tax charge | | - | - |
| 23.2 Deferred tax charge (+) | | - | - |
| 23.3 Deferred tax credit (-) | | - | - |
| XXIV. NET PROFIT/LOSS AFTER TAXES ON DISCONTINUED OPERATIONS (XXII±XXIII) | 5.4.10 | - | - |
| XXV. NET PROFIT/LOSS (XIX+XXIV) | 5.4.11 | 58,509,158 | 13,601,139 |
| Earnings per Share | | | |
| | | 0.13931 | 0.03238 |

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 31 December 2022

| STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME | THOUSANDS OF TURKISH LIRA (TL) | |
|--|--------------------------------------|--------------------------------------|
| | CURRENT PERIOD | PRIOR PERIOD |
| | 1 January 2022 - 31 December 2022 | 1 January 2021 - 31 December 2021 |
| I. CURRENT PERIOD PROFIT/LOSS | 58,509,158 | 13,601,139 |
| II. OTHER COMPREHENSIVE INCOME | 15,410,979 | 4,380,733 |
| 2.1 Other Income/Expense Items not to be Recycled to Profit or Loss | 2,597,394 | 134,666 |
| 2.1.1 Revaluation Surplus on Tangible Assets | 3,970,531 | (5,519) |
| 2.1.2 Revaluation Surplus on Intangible Assets | - | - |
| 2.1.3 Defined Benefit Plans' Actuarial Gains/Losses | (1,186,930) | (144,331) |
| 2.1.4 Other Income/Expense Items not to be Recycled to Profit or Loss | 205,546 | 256,419 |
| 2.1.5 Deferred Taxes on Other Comprehensive Income not to be Recycled to Profit or Loss | (391,753) | 28,097 |
| 2.2 Other Income/Expense Items to be Recycled to Profit or Loss | 12,813,585 | 4,246,067 |
| 2.2.1 Translation Differences | 4,995,295 | 5,411,556 |
| 2.2.2 Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at FVOCI | 12,107,379 | 547,991 |
| 2.2.3 Gains/losses from Cash Flow Hedges | 1,236,471 | 724,972 |
| 2.2.4 Gains/Losses on Hedges of Net Investments in Foreign Operations | (2,464,715) | (2,733,139) |
| 2.2.5 Other Income/Expense Items to be Recycled to Profit or Loss | (553,174) | 15,029 |
| 2.2.6 Deferred Taxes on Other Comprehensive Income to be Recycled to Profit or Loss | (2,507,671) | 279,658 |
| III. TOTAL COMPREHENSIVE INCOME (I+II) | 73,920,137 | 17,981,872 |

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 31 December 2022

| STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY | Footnotes | THOUSANDS OF TURKISH LIRA (TL) | | | | | | | | | | | | | | |
|---|-----------|--------------------------------|---------------|----------------------------|------------------------|---|---|---------|---|--|-------------|------------|-----------------|----------------------------|----------------------------------|----------------------------|
| | | Paid-in Capital | Share Premium | Share Cancellation Profits | Other Capital Reserves | Other Comprehensive Income/Expense Items not to be Recycled to Profit or Loss | | | Other Comprehensive Income/Expense Items to be Recycled to Profit or Loss | | | | Profit Reserves | Prior Periods' Profit/Loss | Current Period's Net Profit/Loss | Total Shareholders' Equity |
| | | | | | | Revaluation surplus on tangible and intangible assets | Defined Benefit Plans' Actuarial Gains/Losses | Others | Foreign Currency Translation Differences | Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at FVOCI | Others | | | | | |
| PRIOR PERIOD (01/01/2021-31/12/2021) | | | | | | | | | | | | | | | | |
| I. Balances at Beginning of Period | | 4,200,000 | 11,880 | - | 772,554 | 1,737,731 | (297,937) | 161,751 | 5,385,882 | 58,744 | (1,784,809) | 45,401,476 | 6,434,451 | - | 62,081,723 | |
| II. Correction made as per TAS 8 | | - | - | - | - | - | - | - | (132) | - | (100,924) | - | 535,568 | - | 434,512 | |
| 2.1. Effect of Corrections | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| 2.2. Effect of Changes in Accounting Policies | | - | - | - | - | - | - | - | (132) | - | (100,924) | - | 535,568 | - | 434,512 | |
| III. Adjusted Balances at Beginning of Period (I+II) | 5.5 | 4,200,000 | 11,880 | - | 772,554 | 1,737,731 | (297,937) | 161,751 | 5,385,750 | 58,744 | (1,885,733) | 45,401,476 | 6,970,019 | - | 62,516,235 | |
| IV. Total Comprehensive Income | | - | - | - | - | (17,879) | - | 254,726 | 5,411,556 | 431,931 | (1,597,420) | 196,448 | (183,165) | 13,601,139 | 17,981,872 | |
| V. Capital Increase in Cash | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| VI. Capital Increase from Internal Sources | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| VII. Capital Reserves from Inflation Adjustments to Paid-in Capital | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| VIII. Convertible Bonds | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| IX. Subordinated Liabilities | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| X. Others Changes | | - | - | - | - | - | - | - | - | - | - | - | - | - | 106,952 | |
| XI. Profit Distribution | | - | - | - | - | - | - | - | - | - | - | - | 106,952 | - | 106,952 | |
| 11.1 Dividends | | - | - | - | - | - | - | - | - | - | - | - | 5,614,203 | (6,238,003) | (623,800) | |
| 11.2 Transfers to Reserves | | - | - | - | - | - | - | - | - | - | - | - | (623,800) | - | (623,800) | |
| 11.3 Others | | - | - | - | - | - | - | - | - | - | - | 5,578,998 | (5,578,998) | - | - | |
| | | - | - | - | - | - | - | - | - | - | - | 35,205 | (35,205) | - | - | |
| Balances at end of the period (III+IV+...+X+XI) | | 4,200,000 | 11,880 | - | 772,554 | 1,719,852 | (413,401) | 416,477 | 10,797,306 | 490,675 | (3,483,153) | 51,319,079 | 548,851 | 13,601,139 | 79,981,259 | |
| CURRENT PERIOD (01/01/2022-31/12/2022) | | | | | | | | | | | | | | | | |
| I. Balances at Beginning of Period | | 4,200,000 | 11,880 | - | 772,554 | 1,719,852 | (413,401) | 416,477 | 10,797,306 | 490,675 | (3,483,153) | 51,319,079 | 14,149,990 | - | 79,981,259 | |
| II. Correction made as per TAS 8 | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| 2.1. Effect of Corrections | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| 2.2. Effect of Changes in Accounting Policies | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| III. Adjusted Balances at Beginning of Period (I+II) | 5.5 | 4,200,000 | 11,880 | - | 772,554 | 1,719,852 | (413,401) | 416,477 | 10,797,306 | 490,675 | (3,483,153) | 51,319,079 | 14,149,990 | - | 79,981,259 | |
| IV. Total Comprehensive Income | | - | - | - | - | 3,230,128 | (864,360) | 200,549 | 4,995,295 | 9,058,815 | (1,240,525) | 13,283 | 17,794 | 58,509,158 | 73,920,137 | |
| V. Capital Increase in Cash | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| VI. Capital Increase from Internal Sources | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| VII. Capital Reserves from Inflation Adjustments to Paid-in Capital | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| VIII. Convertible Bonds | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| IX. Subordinated Liabilities | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| X. Others Changes | | - | - | - | - | - | - | - | - | - | - | - | 91,428 | - | 91,428 | |
| XI. Profit Distribution | | - | - | - | - | - | - | - | - | - | - | - | 11,765,975 | (13,073,306) | (1,307,331) | |
| 11.1 Dividends | | - | - | - | - | - | - | - | - | - | - | - | (1,307,331) | - | (1,307,331) | |
| 11.2 Transfers to Reserves | | - | - | - | - | - | - | - | - | - | - | - | 11,708,768 | (11,708,768) | - | |
| 11.3 Others | | - | - | - | - | - | - | - | - | - | - | - | 57,207 | (57,207) | - | |
| Balances at end of the period (III+IV+...+X+XI) | | 4,200,000 | 11,880 | - | 772,554 | 4,949,980 | (1,277,761) | 617,026 | 15,792,601 | 9,549,490 | (4,723,678) | 63,189,765 | 1,094,478 | 58,509,158 | 152,685,493 | |

Türkiye Garanti Bankası Anonim Şirketi

Statement of Cash Flows

For the period ended at 31 December 2022

| STATEMENT OF CASH FLOWS | Footnotes | THOUSANDS OF TURKISH LIRA (TL) | |
|--|------------|------------------------------------|------------------------------------|
| | | CURRENT PERIOD | PRIOR PERIOD |
| | | 1 January 2022 31 December 2022 | 1 January 2021 31 December 2021 |
| A. CASH FLOWS FROM BANKING OPERATIONS | | | |
| 1.1 Operating profit before changes in operating assets and liabilities | 5.6 | 48,690,053 | (3,148,377) |
| 1.1.1 Interests received | | 95,661,408 | 49,702,105 |
| 1.1.2 Interests paid | | (36,538,498) | (21,943,198) |
| 1.1.3 Dividend received | | 57,225 | 18,105 |
| 1.1.4 Fees and commissions received | | 23,144,912 | 11,570,828 |
| 1.1.5 Other income | | 11,973,737 | 8,979,697 |
| 1.1.6 Collections from previously written-off receivables | | 1,054,018 | 1,062,228 |
| 1.1.7 Cash payments to personnel and service suppliers | | (21,019,716) | (11,299,203) |
| 1.1.8 Taxes paid | | (17,705,746) | (4,147,059) |
| 1.1.9 Others | | (7,937,287) | (37,091,880) |
| 1.2 Changes in operating assets and liabilities | 5.6 | 15,436,044 | 42,686,601 |
| 1.2.1 Net (increase) decrease in financial assets measured at FVTPL | | 3,804,046 | 1,216,932 |
| 1.2.2 Net (increase) decrease in due from banks | | (5,182,437) | (47,132,282) |
| 1.2.3 Net (increase) decrease in loans | | (251,331,696) | (120,713,101) |
| 1.2.4 Net (increase) decrease in other assets | | (29,223,704) | (9,524,635) |
| 1.2.5 Net increase (decrease) in bank deposits | | (914,801) | 1,220,440 |
| 1.2.6 Net increase (decrease) in other deposits | | 272,713,640 | 188,435,071 |
| 1.2.7 Net (increase) decrease in financial liabilities measured at FVTPL | | - | - |
| 1.2.8 Net increase (decrease) in funds borrowed | | (2,127,147) | 18,399,985 |
| 1.2.9 Net increase (decrease) in matured payables | | - | - |
| 1.2.10 Net increase (decrease) in other liabilities | | 27,698,143 | 10,784,191 |
| I. Net cash flow from banking operations | 5.6 | 64,126,097 | 39,538,224 |
| B. CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| II. Net cash flow from investing activities | 5.6 | (49,339,908) | (7,145,259) |
| 2.1 Cash paid for purchase of associates, subsidiaries and joint-ventures | | (185,817) | (547,840) |
| 2.2 Cash obtained from sale of associates, subsidiaries and joint-ventures | | - | - |
| 2.3 Purchases of tangible assets | | (1,933,934) | (928,263) |
| 2.4 Sales of tangible assets | | 980,185 | 523,254 |
| 2.5 Cash paid for purchase of financial assets measured at FVOCI | | (24,832,995) | (25,232,925) |
| 2.6 Cash obtained from sale of financial assets measured at FVOCI | | 18,102,768 | 15,602,890 |
| 2.7 Cash paid for purchase of financial assets measured at amortised cost | | (47,010,077) | (538,393) |
| 2.8 Cash obtained from sale of financial assets measured at amortised cost | | 5,539,962 | 3,976,018 |
| 2.9 Others | | - | - |
| C. CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| III. Net cash flow from financing activities | 5.6 | 2,109,236 | 15,568,800 |
| 3.1 Cash obtained from funds borrowed and securities issued | | 23,981,165 | 31,770,884 |
| 3.2 Cash used for repayment of funds borrowed and securities issued | | (20,135,022) | (15,330,594) |
| 3.3 Equity instruments issued | | - | - |
| 3.4 Dividends paid | | (1,307,331) | (623,800) |
| 3.5 Payments for financial leases | | (429,576) | (247,690) |
| 3.6 Others | | - | - |
| IV. Effect of translation differences on cash and cash equivalents | 5.6 | 7,900,934 | 20,554,848 |
| V. Net increase/(decrease) in cash and cash equivalents (I+II+III+IV) | 5.6 | 24,796,359 | 68,516,613 |
| VI. Cash and cash equivalents at beginning of period | 5.6 | 117,996,369 | 49,479,756 |
| VII. Cash and cash equivalents at end of period (V+VI) | 5.6 | 142,792,728 | 117,996,369 |

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 Distribution

For The Year Ended 31 December 2022

| STATEMENT OF PROFIT DISTRIBUTION | | THOUSANDS OF TURKISH LIRA (TL) | |
|----------------------------------|--|--------------------------------|-------------------|
| | | CURRENT PERIOD (*) | PREVIOUS PERIOD |
| | | 31 December 2022 | 31 December 2021 |
| I. | DISTRIBUTION OF CURRENT YEAR PROFIT | | |
| 1.1 | CURRENT PERIOD PROFIT | 75,602,805 | 17,832,650 |
| 1.2 | TAXES AND LEGAL DUTIES PAYABLE (-) | 17,093,647 | 4,231,511 |
| 1.2.1 | Corporate tax (income tax) | 17,093,647 | 4,231,511 |
| 1.2.2 | Withholding tax | - | - |
| 1.2.3 | Other taxes and duties | - | - |
| A. | NET PROFIT FOR THE PERIOD (1.1-1.2) | 58,509,158 | 13,601,139 |
| 1.3 | ACCUMULATED LOSSES (-) | - | - |
| 1.4 | FIRST LEGAL RESERVES (-) | - | - |
| 1.5 | OTHER STATUTORY RESERVES (-) | - | 57,207 |
| B. | NET PROFIT AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5))] | - | 13,543,932 |
| 1.6 | FIRST DIVIDEND TO SHAREHOLDERS (-) | - | - |
| 1.6.1 | To owners of ordinary shares | - | 210,000 |
| 1.6.2 | To owners of privileged shares | - | 210,000 |
| 1.6.3 | To owners of redeemed shares | - | - |
| 1.6.4 | To profit sharing bonds | - | - |
| 1.6.5 | To holders of profit and loss sharing certificates | - | - |
| 1.7 | DIVIDENDS TO PERSONNEL (-) | - | - |
| 1.8 | DIVIDENDS TO BOARD OF DIRECTORS (-) | - | - |
| 1.9 | SECOND DIVIDEND TO SHAREHOLDERS (-) | - | 1,097,331 |
| 1.9.1 | To owners of ordinary shares | - | 1,097,331 |
| 1.9.2 | To owners of privileged shares | - | - |
| 1.9.3 | To owners of redeemed shares | - | - |
| 1.9.4 | To profit sharing bonds | - | - |
| 1.9.5 | To holders of profit and loss sharing certificates | - | - |
| 1.10 | STATUS RESERVES (-) | - | - |
| 1.11 | EXTRAORDINARY RESERVES | - | 12,236,601 |
| 1.12 | OTHER RESERVES | - | - |
| 1.13 | SPECIAL FUNDS | - | - |
| II. | DISTRIBUTION OF RESERVES | | |
| 2.1 | APPROPRIATED RESERVES | - | - |
| 2.2 | DIVIDENDS TO SHAREHOLDERS (-) | - | - |
| 2.2.1 | To owners of ordinary shares | - | - |
| 2.2.2 | To owners of privileged shares | - | - |
| 2.2.3 | To owners of redeemed shares | - | - |
| 2.2.4 | To profit sharing bonds | - | - |
| 2.2.5 | To holders of profit and loss sharing certificates | - | - |
| 2.3 | DIVIDENDS TO PERSONNEL (-) | - | - |
| 2.4 | DIVIDENDS TO BOARD OF DIRECTORS (-) | - | - |
| III. | EARNINGS PER SHARE | | |
| 3.1 | TO OWNERS OF ORDINARY SHARES | 0.13931 | 0.03238 |
| 3.2 | TO OWNERS OF ORDINARY SHARES (%) | 1,393.08 | 323.84 |
| 3.3 | TO OWNERS OF PRIVILEGED SHARES | - | - |
| 3.4 | TO OWNERS OF PRIVILEGED SHARES (%) | - | - |
| IV. | DIVIDEND PER SHARE | | |
| 4.1 | TO OWNERS OF ORDINARY SHARES | - | - |
| 4.2 | TO OWNERS OF ORDINARY SHARES (%) | - | - |
| 4.3 | TO OWNERS OF PRIVILEGED SHARES | - | - |
| 4.4 | TO OWNERS OF PRIVILEGED SHARES (%) | - | - |

(*) Decision regarding the 2022 profit distribution will be held at General Assembly meeting.

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

3 Accounting Policies

3.1 Basis of presentation

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

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

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

The accounting policies and the valuation principles applied in the preparation of the accompanying financial statements are explained in Notes from 3.2 to 3.28.

3.1.1 Changes in accounting policies and disclosures

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

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

3.1.2 Other

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

TAS 29 Financial Reporting in Hyperinflation Economies requires entities whose functional currency is that of a hyperinflationary economy to prepare their financial statements in terms of the measuring unit current at the end of the reporting period. TAS 29 describes characteristics that may indicate that an economy is hyperinflationary, and it requires all entities that report in the currency of the same hyperinflationary economy apply this Standard from the same date. Therefore, it is expected that TAS 29 will start to be applied simultaneously by all entities with the announcement of Public Oversight Accounting and Auditing Standards Authority to ensure consistency of the application required by TAS 29 throughout the country. However, the Authority has not published any announcement that determines entities would restate their financial statements for the accounting period ending on 31 December 2022 in accordance with TAS 29. In this context, TMS 29 is not applied and inflation adjustment has not been reflected in the financial statements as of December 31, 2022.

The tension between Russia and Ukraine since January 2022 has turned into a crisis and an armed conflict as of the date of the report. The Bank does not carry out any activities in these two countries that are subject to the crisis. Considering the geographies in which the Bank operates, the crisis did not have a direct impact on the Bank's operations as of 31 December 2022. However, since the course of the crisis is still uncertain as of the date of this report, developments that may occur on a global scale, and the effects of these developments on the global and regional economy and on the Bank's operations, are closely monitored and considered with the best estimation approach in the preparation of the financial statements.

3.2 Strategy for use of financial instruments and foreign currency transactions

3.2.1 Strategy for use of financial instruments

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

In order to manage the interest rate risk arising from short-term deposits, the Bank is keen on maintaining floating rate instruments such as government bonds with quarterly coupon payments and instruments like credit cards and consumer loans providing regular cash inflows.

A portion of the fixed-rate securities and loans, and the bonds of the Bank are hedged under fair value hedges. The fair value risks of such fixed-rate assets and financial liabilities are hedged with interest rate swaps and cross currency swaps. The fair value changes of the hedged fixed-rate financial assets and financial liabilities together with the changes in the fair value of the hedging instruments, namely interest rate swaps and cross currency swaps, are accounted under net trading income/losses in the statement of profit or loss. At the inception of the hedge and during the subsequent periods, the hedge is expected to achieve the offsetting of changes in fair value attributable to the hedged risk for which the hedge is designated, and accordingly, the hedge effectiveness tests are performed.

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

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

Another influential factor in management of interest and liquidity risk on balance sheet is product diversification both on asset and liability sides. Exchange rate risk, interest rate risk and liquidity risk are controlled and measured by various risk management systems, and the balance sheet is managed under the limits set by these systems and the limits legally required. Asset-liability management and value at risk models, stress tests and scenario analysis are used for this purpose.

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

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

3.2.2 Foreign currency transactions

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

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

From 1 September 2015, it has been started to apply net investment hedge amounting to EUR 501,598,663 (31 December 2021: EUR 489,286,021) in total among investments in Garanti Bank International NV and Garanti Holding BV having capitals denominated in foreign currencies and long term foreign currency borrowings. Foreign exchange losses amounting to TL 7,370,561 (31 December 2021: TL 4,905,846), arising from conversion of both foreign currency investments and long term foreign currency borrowings are accounted under Capital Reserves and Other Comprehensive Income/Expense Items to be Recycled to Profit/Loss, respectively under Equity as of 31 December 2022. There is no ineffective portion arising from net investment hedge accounting.

3.3 Investments in associates and subsidiaries

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

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

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

3.4 Forwards, options and other derivative transactions

3.4.1 Derivative financial assets

Derivative financial assets measured at fair value through profit/loss

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

Derivatives are initially recorded at their fair values. The related transaction costs are recognized in statement of profit or loss at the date they incur. The changes in their fair values are recorded on balance sheet under "Derivative Financial Assets measured at Fair Value through Profit/Loss" or "Derivative Financial Liabilities measured at Fair Value through Profit/Loss", respectively depending on the fair values being positive or negative. Fair value changes for derivatives are recorded in the account of "Income/Losses from Derivative Transactions" under Statement of Profit or Loss.

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

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

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

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

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

Credit default swap is a contract, in which the protection seller commits to pay the protection value to the protection buyer in case of certain credit risk events in return for the premium paid by the buyer for the contract. Credit default swaps are valued daily at their fair values. Total return swap is a contract, in which the protection seller commits to make a certain payment and compensate the decreases in market values of the reference assets to the buyer under the condition that the protection buyer will transfer all the cash flows to be created by and the increases in market values of the reference asset. The Bank enters into total return swap contract for the purpose of generating long-term funding.

3.4.2 Derivative financial instruments held for hedging purpose

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

The Bank enters into interest rate and cross currency swap transactions in order to hedge the changes in fair values of fixed-rate financial instruments. The changes in fair values of derivative instruments held for fair value hedges are recognised in "Income/Losses from Derivative Financial Instruments". If the hedging is effective, the changes in fair value of the hedged item is presented in the Statement of Financial Position together with the fixed-rate loan. In case of fixed-rate financial assets measured at fair value through other comprehensive income, such changes are reclassified from Shareholders' Equity to Statement of Profit or Loss.

Derivative financial instruments measured at fair value through other comprehensive income

The Bank enters into interest rate and cross currency swap transactions in order to hedge the changes in cash flows of the floating-rate financial instruments. While applying cash flow hedge accounting, the effective portion of the changes in the fair value of the hedging instrument is accounted for under Other Comprehensive Income or Expense to be Recycled to Profit/Loss in Shareholders' Equity, and the ineffective portion is recognised in Statement of Profit or Loss. The changes recognised in Shareholders' Equity are removed and included in Statement of Profit or Loss in the same period when the hedged cash flows effect the income or loss.

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

The hedge accounting is discontinued when the hedging instrument expires, is exercised, sold or no longer effective. When discontinuing fair value hedge accounting, the cumulative fair value changes in carrying value of the hedged item arising from the hedged risk are amortised to Statement of Profit or Loss under trading account income/loss caption over the maturity of the hedged item from that date of the hedge accounting is discontinued. While expiring, sale, discontinuing cash flow hedge accounting or when no longer effective the cumulative gains/losses recognised in shareholders' equity and presented under Other Comprehensive Income or Expense to be Recycled to Profit or Loss, are continued to be kept in this account. When the cash flows of hedged item incur, the gain/losses accounted for under Shareholders' Equity, are recognised in Statement of Profit or Loss considering the original maturity.

3.5 Interest income and expenses

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

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

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

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

If the financial asset is impaired and classified as a non-performing receivable, the Bank applies effective interest rate on the amortized cost of the asset for subsequent reporting periods. Such interest income calculation is made on an individual contract basis for all financial assets subject to impairment calculation. It is used effective interest rate during calculation of loss given default rate in expected credit loss models and accordingly, the calculation of expected credit losses includes an interest amount. Therefore, a reclassification is made between the accounts of "expected credit losses" expense and "interest income from loans" for interest amounts calculated in this way. If the credit risk of the financial instrument improves to the extent that the financial asset is no longer considered as impaired and the improvement can be attributed to an incident that eventually takes place (such as an increase in the loan's credit rating), the system calculates interest income at subsequent reporting periods by applying the effective interest rate to the gross amount.

3.6 Fees and commissions

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

3.7 Financial instruments

3.7.1 Initial recognition of financial instruments

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

3.7.2 Initial measurement of financial instruments

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

3.7.3 Classification of financial instruments

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

3.7.3.1 Assessment of business model

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

The entity’s business model does not depend on management’s intentions for an individual instrument. Accordingly, this condition is not an instrument-by-instrument approach to classification and should be determined on a higher level of aggregation.

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

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

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

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

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

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

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

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

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

3.7.4 Measurement categories of financial assets and liabilities

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

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

Financial investments and loans measured at amortised cost

The Bank may measure its financial investments and loans at amortised cost if both of the following conditions are met:

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

Financial investments measured at amortised cost: Subsequent to the initial recognition, financial investments measured at amortised cost are accounted at amortised cost calculated by using the effective interest rate method. The expected loss calculated for the relevant financial assets in accordance with TFRS 9 is presented in Note 5.1.7.5.

Loans: Financial assets other than those held for trading in short term or generated through providing money, commodity and services to debtors.

Loans are financial assets with fixed or determinable payments and not quoted in an active market.

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

Financial assets measured at fair value through other comprehensive income

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

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

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

Financial assets measured at fair value through other comprehensive income are measured at their fair values subsequently. However, assets for which fair values could not be determined reliably are valued at amortized costs by using the discounting method with effective interest rate that approximates to fair value, of return for floating-rate securities; and by using valuation models or discounted cash flow techniques for fixed-rate securities. Unrecognised gain/losses derived from the difference between their fair value and the discounted values are recorded in accumulated Other Comprehensive Income or Expense to be reclassified to Profit or Loss under the Shareholders' Equity. In case of sales, the gain/losses arising from fair value measurement accumulated under shareholders' equity are recognized in Statement of Profit or Loss.

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

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

Equity instruments measured at fair value through other comprehensive income

At initial recognition, the Bank may make an irrevocable election to present in Other Comprehensive Income subsequent changes in the fair value of an investment in an equity instrument within the scope of TFRS 9 that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which TFRS 3 applies. The Bank makes the election on an instrument by instrument basis.

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

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

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

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

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

3.8 Disclosures on impairment of financial instruments

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

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

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

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

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

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

3.8.1 Calculation of expected credit losses

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

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

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

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

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

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

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

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

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

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

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

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

The Bank considers a debt as default on these two below conditions;

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

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

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

In addition, the Bank assesses a certain portion of commercial and corporate loans individually in accordance with the internal policies in the calculation of the expected credit losses based on TFRS 9. The Bank makes such calculation by discounting the expected cash deficits from the individual financial instrument to its present value using the effective interest rate.

When measuring expected credit losses, the Bank shall consider the risk or probability that a credit loss occurs by reflecting the possibility that a credit loss occurs and the possibility that no credit loss occurs, even if the possibility of a credit loss occurring is very low. The Bank makes such assessment by reflecting the estimate of expected credit loss which is unbiased and probability-weighted determined by evaluating a range of possible outcomes.

In accordance with the Bank's internal policies, TFRS 9 models are updated once a year. The related model update was made in the 3th quarter of 2022 and the Bank has calculated expected credit losses based on the updated model during 2022.

3.8.1.1 *Loan commitments and non-cash loans*

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

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

3.8.1.2 Debt instruments measured at fair value through other comprehensive income

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

3.8.1.3 Credit cards and other revolving loans

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

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

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

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

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

3.8.2 Forward-looking macroeconomic information

The Bank incorporates forward-looking macroeconomic information into credit risk parameters during assessment of significant increase in credit risk and expected credit loss calculation. The incorporation of forward-looking information into the Bank's credit risk parameters consists of the following steps:

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

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

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

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

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

| Date | GDP |
|------------|--------|
| 31.12.2022 | 5.5% |
| 31.12.2023 | 3.0% |
| 31.12.2024 | (1.5)% |
| 31.12.2025 | 3.8% |
| 31.12.2026 | 3.8% |
| 31.12.2027 | 3.75% |

3.8.3 Significant increase in credit risk

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

Qualitative assessment:

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

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

Quantitative assessment:

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

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

The Bank classifies the related financial asset as Stage 2 (Significant Increase in Credit Risk) where both of the following criteria are satisfied as a result of quantitative assessment.

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

3.8.4 Low credit risk

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

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

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

The Bank makes the definition of low credit risk based on the definition of “High Quality Liquid Asset” given in the Regulation on the Liquidity Coverage Ratio Calculation and the principles of the risk weight calculation based on the external rating note of the receivables from the Central Banks and the Central Governments in accordance with the Regulation on the Measurement and Assessment of Banks’ Capital Adequacy.

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

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

3.8.5 Disclosures on write down policy

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

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

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

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

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

3.9 Netting and derecognition of financial instruments

3.9.1 Netting of financial instruments

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

3.9.2 Derecognition of financial instruments

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

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

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

Where all risks and rewards of ownership of the asset have not been transferred to another party and the Bank retains control of the asset, the Bank continues to recognize the remaining portion of the asset and liabilities arising from such asset.

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

3.9.2.2 *Derecognition of financial assets without any change in contractual terms*

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

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

3.9.2.3 *Derecognition of financial liabilities*

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

3.9.3 Reclassification of financial instruments

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

3.9.4 Restructuring and refinancing of financial instruments

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

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

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

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

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

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

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

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

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

3.10 Repurchase and resale agreements and securities lending

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

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

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

3.11 Assets held for sale, discontinued operations and related liabilities

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

A discontinued operation is a part of the Bank's business classified as sold or held-for-sale. The operating results of the discontinued operations are disclosed separately in statement of profit or loss. The Bank has no discontinued operations.

3.12 Goodwill and other intangible assets

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

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

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

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

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

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

The intangible assets are amortised by the Bank over their estimated useful lives based on their inflation adjusted costs on a straight-line basis. Estimated useful lives of the Bank's intangible assets are 3-15 years and amortisation rates are 6.67-33.3%.

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

3.13 Tangible assets

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

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

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

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

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

There are no restrictions such as pledges, mortgages or any other restriction on tangible assets. The depreciation rates and the estimated useful lives of tangible assets are presented below. Depreciation method in use was not changed in the current period.

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

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

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

Investment properties

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

Investment properties accounted at fair value are not depreciated.

Right-of-use assets

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

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

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

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

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

3.14 Leasing activities

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

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

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

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

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

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

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

3.15 Provisions and contingent liabilities

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

3.16 Contingent assets

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

3.17 Liabilities for employee benefits

Severance indemnities and short-term employee benefits

As per the existing labour law in Turkey, the Bank is required to pay certain amounts to the employees retired or fired except for resignations or misbehaviours specified in the Turkish Labour Law.

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

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

| | 31.12.2022 | 31.12.2021 |
|----------------------------------|------------|------------|
| Net Effective Discount Rate | 3.00% | 3.48% |
| Discount Rate | 17.79% | 19.10% |
| Expected Rate of Salary Increase | 15.86% | 16.60% |
| Inflation Rate | 14.36% | 15.10% |

The above rates are effective rates, whereas the rates applied for the calculation differ according to the employees’ years-in-service.

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

The actuarial gains/losses are recognised under shareholders’ equity as per the revised TAS 19.

Retirement benefit obligations

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

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

The Plan is funded through contributions of both by the employees and the employer as required by Social Security Law numbered 506. These contributions are as follows:

| | 31.12.2022 | | 31.12.2021 | |
|-------------------------------|------------|----------|------------|----------|
| | Employer | Employee | Employer | Employee |
| Pension contributions | 15.5% | 10.0% | 15.5% | 10.0% |
| Medical benefit contributions | 6.0% | 5.0% | 6.0% | 5.0% |

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

a) Benefits transferable to SSF

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

Following the publication of the verdict, the Turkish Grand National Assembly (“Turkish Parliament”) started to work on the new legal arrangements by taking the cancellation reasoning into account and the articles of the Law No.5754 regulating the principles related with such transfers were accepted and approved by Turkish Parliament on 17 April 2008, and enacted on 8 May 2008 after being published in the Official Gazette No.26870.

As per the Law, the present value of post-employment benefits as at the transfer date for the fund members to be transferred, are to be calculated by a commission composing from the representatives of the SSF, the Ministry of Finance, the Undersecretariat of Treasury, the Undersecretariat of State Planning Organisation, the BRSA, the Savings Deposit Insurance Fund (“SDIF”), the banks and the funds, by using a technical

discount rate of 9.80% taking into account the Funds' income and expenses as per insurance classes and the transferable contributions and payments of the funds including any salary and income differences paid by the funds above the limits of SSF for such payments. The transfers are to take place within the three-year period starting from 1 January 2008. Subsequently, the transfer of the contributors and the persons receiving monthly or regular income and their right-holders from such funds established for employees of the banks, insurance and reinsurance companies, trade chambers, stock markets and unions that are part of these organizations subject to the provisional Article 20 of the Social Security Law No.506 to the SSF, has been postponed for two years. The decision was made by the Council of Ministers on 14 March 2011 and published in the Official Gazette No. 27900 dated 9 April 2011 as per the decision of the Council of Ministers, No.2011/1559, and as per the Letter No. 150 of the Ministry of Labor and Social Security dated 24 February 2011 and according to the provisional Article 20 of the Social Security and Public Health Insurance Law No.5510.

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

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

b) Other benefits not transferable to SSF

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

The actuarial gains/losses are recognised under shareholders' equity as per the revised TAS 19.

3.18 Taxation

3.18.1 Corporate tax

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

This rate is applied to tax base which is calculated by adding certain non-deductible expenses for tax purposes and deducting certain exemptions (like dividend income) and other deductions on accounting income. If there is no dividend distribution, no further tax charges are made. Dividends paid to the resident institutions and the institutions working through local offices or representatives are not subject to withholding tax. As per the decisions No.2009/14593 and No.2009/14594 of the Council of Ministers published in the Official Gazette No.27130 dated 3 February 2009, certain duty rates included in the articles No.15 and 30 of the new Corporate Tax Law No.5520 are revised. Accordingly, the withholding tax rate on the dividend payments other than the ones paid to the nonresident institutions generating income in Turkey through their operations or permanent representatives and the resident institutions has been changed to 10% from 15% by the Presidential decision published in the Official Gazette No. 31697 dated 22 December 2021. In applying the withholding tax rates on dividend payments to the nonresident institutions and the individuals, the withholding tax rates covered in the related Double Tax Treaty Agreements are taken into account. Appropriation of the retained earnings to capital is not considered as profit distribution and therefore is not subject to withholding tax.

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

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

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

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

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

The tax applications for foreign branches;

NORTHERN CYPRUS

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

MALTA

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

3.18.2 Deferred taxes

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

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

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

The deferred tax assets and liabilities are reported as net in the financial statements.

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

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

3.18.3 Transfer pricing

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

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

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

3.19 Funds borrowed

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

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

3.20 Share issuances

If the Bank issues a share at a price above its nominal value, the difference between the issue price and the nominal value is accounted for “Share Premium” under Shareholders’ Equity.

3.21 Confirmed bills of exchange and acceptances

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

3.22 Government incentives

As of 31 December 2022, the Bank does not have any government incentives or grants (2021: None).

3.23 Segment reporting

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

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

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

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

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

Information on the business segments is as follows:

| <i>Current Period</i> | Retail Banking | Corporate Banking | Investment Banking | Other | Total Operations |
|---|---------------------------|------------------------------|-------------------------------|--------------------|-----------------------------|
| Net Interest Income | 16,973,335 | 23,610,288 | 33,548,299 | 9,186,891 | 83,318,813 |
| Net Fees And Commissions Income | 11,804,106 | 5,043,625 | (204,215) | (16,012) | 16,627,504 |
| Dividend Income | - | - | - | 57,225 | 57,225 |
| Net Trading Income/Losses (Net) | 577,165 | 6,558,481 | (278,527) | 1,669,711 | 8,526,829 |
| Other Operating Income (*) | 471,832 | 156,408 | 24,377 | 2,480,846 | 3,133,464 |
| Expected Credit Losses (-) (*) | (4,668,300) | (10,590,005) | (1,220,088) | 1,419,923 | (15,058,470) |
| Other Provisions (-) | - | - | - | (3,411,729) | (3,411,729) |
| Personnel and Other Operating Expenses (-) | (11,970,276) | (4,643,135) | (471,573) | (5,823,764) | (22,908,748) |
| Income/Loss From Investments Under Equity Accounting | - | - | - | 5,317,917 | 5,317,917 |
| Net Operating Profit | 13,187,862 | 20,135,662 | 31,398,273 | 10,881,008 | 75,602,805 |
| Provision for Taxes | - | - | - | (17,093,647) | (17,093,647) |
| Net Profit | 13,187,862 | 20,135,662 | 31,398,273 | (6,212,639) | 58,509,158 |
| Segment Assets | 204,172,562 | 428,188,877 | 404,374,563 | 86,340,155 | 1,123,076,157 |
| Investments in Associates and Subsidiaries | - | - | - | 29,095,480 | 29,095,480 |
| Total Assets | 204,172,562 | 428,188,877 | 404,374,563 | 115,435,635 | 1,152,171,637 |
| Segment Liabilities | 545,930,300 | 281,399,823 | 127,869,535 | 44,286,486 | 999,486,144 |
| Shareholders' Equity | - | - | - | 152,685,493 | 152,685,493 |
| Total Liabilities and Shareholders' | 545,930,300 | 281,399,823 | 127,869,535 | 196,971,979 | 1,152,171,637 |

| <i>Prior Period</i> | Retail Banking | Corporate Banking | Investment Banking | Other | Total Operations |
|---|---------------------------|------------------------------|-------------------------------|--------------------|-----------------------------|
| Net Interest Income | 9,930,523 | 10,136,527 | 7,212,876 | 6,360,068 | 33,639,994 |
| Net Fees And Commissions Income | 6,027,730 | 2,434,859 | (137,286) | 175,516 | 8,500,819 |
| Dividend Income | - | - | - | 18,105 | 18,105 |
| Net Trading Income/Losses (Net) | 168,723 | 8,018,298 | (7,769,583) | 3,420,562 | 3,838,000 |
| Other Operating Income (*) | 346,747 | 104,727 | 27,955 | 708,632 | 1,188,061 |
| Expected Credit Losses (-) (*) | (1,689,029) | (11,243,146) | 453,275 | 742,843 | (11,736,057) |
| Other Provisions (-) | - | - | - | (7,404,926) | (7,404,926) |
| Personnel and Other Operating Expenses (-) | (6,579,116) | (2,592,205) | (382,583) | (3,119,078) | (12,672,982) |
| Income/Loss From Investments Under Equity Accounting | - | - | - | 2,461,636 | 2,461,636 |
| Net Operating Profit | 8,205,578 | 6,859,060 | (595,346) | 3,363,358 | 17,832,650 |
| Provision for Taxes | - | - | - | (4,231,511) | (4,231,511) |
| Net Profit | 8,205,578 | 6,859,060 | (595,346) | (868,153) | 13,601,139 |
| Segment Assets | 118,481,590 | 284,363,032 | 290,687,010 | 45,378,365 | 738,909,997 |
| Investments in Associates and Subsidiaries | - | - | - | 19,970,155 | 19,970,155 |
| Total Assets | 118,481,590 | 284,363,032 | 290,687,010 | 65,348,520 | 758,880,152 |
| Segment Liabilities | 345,618,735 | 186,395,190 | 119,499,816 | 27,385,152 | 678,898,893 |
| Shareholders' Equity | - | - | - | 79,981,259 | 79,981,259 |
| Total Liabilities and Shareholders' | 345,618,735 | 186,395,190 | 119,499,816 | 107,366,411 | 758,880,152 |

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

3.24 Profit reserves and profit appropriation

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

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

In the ordinary General Assembly Meeting dated 31 March 2022, a decision is made regarding distribution of the unconsolidated net profit of the Bank amounting to TL 13,073,306 and the table considering the distribution made based on the decision is presented in Note 5.10.2.

3.25 Earnings per share

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

| | <i>31 December 2022</i> | <i>31 December 2021</i> |
|---|-------------------------|-------------------------|
| Distributable net profit | 58,509,158 | 13,601,139 |
| Average number of issued common shares (thousand) | 420,000,000 | 420,000,000 |
| Earnings per share (amounts presented full TL) | 0.13931 | 0.03238 |

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

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

3.26 Related parties

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

3.27 Cash and cash equivalents

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

3.28 Other disclosures

3.28.1 Changes in prior period financial statements

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

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

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

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

| 31 December 2021 | Reported | Correction | | Restated |
|--|--------------------|------------------|----------------|--------------------|
| | | TAS 27 | Classification | |
| Unconsolidated Financial Associates | 18,827,298 | 1,032,409 | 41,420 | 19,901,127 |
| Unconsolidated Non-Financial Associates | 17,347 | 45,880 | (41,420) | 21,807 |
| Total Assets | 757,801,863 | 1,078,289 | - | 758,880,152 |
| Other Comprehensive Income/expense Items to be Recycled to Profit/loss | 7,789,940 | 14,888 | - | 7,804,828 |
| Foreign Currency Conversion Adjustments | 10,785,086 | 12,220 | - | 10,797,306 |
| Other | (3,485,821) | 2,668 | - | (3,483,153) |
| Prior Periods' Profit/loss | 13,283 | 535,568 | - | 548,851 |
| Net Profit/Loss | 13,073,306 | 527,833 | - | 13,601,139 |
| Total Liabilities | 757,801,863 | 1,078,289 | - | 758,880,152 |
| Dividend Income | 129,389 | (111,284) | - | 18,105 |
| Other Provisions | (7,491,601) | 86,675 | - | (7,404,926) |
| Income/Loss From Investments Under Equity Accounting | 1,909,194 | 552,442 | - | 2,461,636 |
| Net Profit/Loss | 13,073,306 | 527,833 | - | 13,601,139 |

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

4 Financial Position and Results of Operations and Risk Management

4.1 Total capital

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

4.1.1 Components of total capital

| | <i>Current Period</i> | <i>Prior Period</i> |
|---|-----------------------|---------------------|
| COMMON EQUITY TIER I CAPITAL | | |
| Paid-in Capital to be Entitled for Compensation after All Creditors | 4,972,554 | 4,972,554 |
| Share Premium | 11,880 | 11,880 |
| Reserves | 63,189,765 | 51,319,079 |
| Other Comprehensive Income according to TAS | 31,900,849 | 15,463,617 |
| Profit | 59,603,636 | 14,149,990 |
| Current Period’s Profit | 58,509,158 | 13,601,139 |
| Prior Periods’ Profit | 1,094,478 | 548,851 |
| Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit | 10,013 | 7,643 |
| Common Equity Tier I Capital Before Deductions | 159,688,697 | 85,924,763 |
| Deductions From Common Equity Tier I Capital | | |
| Valuation adjustments calculated as per the article 9. (i) of the Regulation on Bank Capital | - | - |
| Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-) | 7,155,258 | 4,338,078 |
| Leasehold Improvements on Operational Leases (-) | 109,029 | 94,599 |
| Goodwill Netted with Deferred Tax Liabilities | - | - |
| Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights | 977,838 | 748,424 |
| Net Deferred Tax Asset/Liability (-) | - | - |
| Differences arise when assets and liabilities not held at fair value, are subjected to cash flow hedge accounting | - | - |
| Total credit losses that exceed total expected loss calculated according to the Regulation on Calculation of Credit Risk by Internal Ratings Based Approach | - | - |
| Securitization gains | - | - |
| Unrealized gains and losses from changes in bank’s liabilities’ fair values due to changes in creditworthiness | - | - |
| Net amount of defined benefit plans | - | - |
| Direct and Indirect Investments of the Bank on its own Tier I Capital (-) | - | - |
| Shares Obtained against Article 56, Paragraph 4 of the Banking Law (-) | - | - |
| Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-) | - | - |
| Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-) | - | - |
| Mortgage Servicing Rights Exceeding the 10% Threshold of Tier I Capital (-) | - | - |
| Net Deferred Tax Assets arising from Temporary Differences Exceeding the 10% Threshold of Tier I Capital (-) | - | - |
| Amount Exceeding the 15% Threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-) | - | - |
| The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital not deducted from Tier I Capital (-) | - | - |
| Excess Amount arising from Mortgage Servicing Rights (-) | - | - |
| Excess Amount arising from Deferred Tax Assets from Temporary Differences (-) | - | - |
| Other items to be Defined by the BRSA (-) | - | - |
| Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals (-) | - | - |

| | | |
|---|--------------------|-------------------|
| Total Deductions from Common Equity Tier I Capital | 8,242,125 | 5,181,101 |
| Total Common Equity Tier I Capital | 151,446,572 | 80,743,662 |
| ADDITIONAL TIER I CAPITAL | | |
| Preferred Stock not Included in Common Equity Tier I Capital and the Related Share Premiums | - | - |
| Debt Instruments and the Related Issuance Premiums Defined by the BRSA | - | - |
| Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4) | - | - |
| Additional Tier I Capital before Deductions | - | - |
| Deductions from Additional Tier I Capital | | |
| Direct and Indirect Investments of the Bank on its own Additional Tier I Capital (-) | - | - |
| Investments in Equity Instruments Issued by Banks or Financial Institutions Invested in Bank's Additional Tier I Capital and Having Conditions Stated in the Article 7 of the Regulation | - | - |
| Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-) | - | - |
| The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital (-) | - | - |
| Other items to be defined by the BRSA (-) | - | - |
| Items to be Deducted from Tier I Capital during the Transition Period | | |
| Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-) | - | - |
| Net Deferred Tax Asset/Liability not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-) | - | - |
| Deduction from Additional Tier I Capital when there is not enough Tier II Capital (-) | - | - |
| Total Deductions from Additional Tier I Capital | - | - |
| Total Additional Tier I Capital | - | - |
| Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital) | 151,446,572 | 80,743,662 |
| TIER II CAPITAL | | |
| Debt Instruments and the Related Issuance Premiums Defined by the BRSA | 12,158,080 | 10,822,630 |
| Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4) | - | - |
| Provisions (Amounts explained in the first paragraph of the article 8 of the Regulation on Bank Capital) | 9,211,267 | 5,601,236 |
| Total Deductions from Tier II Capital | 21,369,347 | 16,423,866 |
| Deductions from Tier II Capital | | |
| Direct and Indirect Investments of the Bank on its own Tier II Capital (-) | - | - |
| Investments in Equity Instruments Issued by Banks and Financial Institutions Invested in Bank's Tier II Capital and Having Conditions Stated in the Article 8 of the Regulation | - | - |
| Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-) | - | - |
| Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-) | - | - |
| Other items to be defined by the BRSA (-) | - | - |
| Total Deductions from Tier II Capital | - | - |
| Total Tier II Capital | 21,369,347 | 16,423,866 |
| Total Equity (Total Tier I and Tier II Capital) | 172,815,919 | 97,167,528 |
| Total Tier I Capital and Tier II Capital (Total Equity) | | |
| Loans Granted against the Articles 50 and 51 of the Banking Law | 53 | 75 |

| | <i>Current Period</i> | <i>Prior Period</i> |
|---|-----------------------|---------------------|
| Other items to be Defined by the BRSA | 29 | 2,909 |
| Items to be Deducted from the Sum of Tier I and Tier II Capital (Capital) During the Transition Period | - | - |
| The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation | - | - |
| The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation | - | - |
| The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital, of the Net Deferred Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation | - | - |
| CAPITAL | | |
| Total Capital (Total of Tier I Capital and Tier II Capital) | 172,815,837 | 97,164,544 |
| Total Risk Weighted Assets | 838,938,765 | 525,705,126 |
| CAPITAL ADEQUACY RATIOS | | |
| CET1 Capital Ratio (%) | 18.05 | 15.36 |
| Tier I Capital Ratio (%) | 18.05 | 15.36 |
| Capital Adequacy Ratio (%) | 20.60 | 18.48 |
| BUFFERS | | |
| Total Additional CET1 Capital Requirement Ratio (a+b) | 2.53 | 2.53 |
| a) Capital Conservation Buffer Ratio (%) | 2.50 | 2.50 |
| b) Bank-specific Counter-Cyclical Capital Buffer Ratio (%) | 0.03 | 0.03 |
| Additional CET1 Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation (%) | 12.05 | 9.36 |
| Amounts Lower Than Excesses as per Deduction Rules | - | - |
| Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital | - | - |
| Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital | - | - |
| Remaining Mortgage Servicing Rights | - | - |
| Net Deferred Tax Assets arising from Temporary Differences | 6,723,463 | 4,203,680 |
| Limits for Provisions Used in Tier II Capital Calculation | - | - |
| General Loan Provisions for Exposures in Standard Approach (before limit of one hundred and twenty five per ten thousand) | 29,380,930 | 18,026,191 |
| General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets | 9,211,267 | 5,601,236 |
| Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach | - | - |
| Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0.6% Risk Weighted Assets | - | - |
| Debt Instruments Covered by Temporary Article 4 (effective between 1.1.2018-1.1.2022) | - | - |
| Upper Limit for Additional Tier I Capital Items subject to Temporary Article 4 | - | - |
| Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit | - | - |
| Upper Limit for Additional Tier II Capital Items subject to Temporary Article 4 | - | - |
| Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit | - | - |

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

As of 31 December 2022, the amount subject to credit risk in calculating the regulatory capital adequacy ratio was calculated by taking into account the regulation changes. If the regulation changes is not taken into account, the capital adequacy ratio decreases to 18.90% as of 31 December 2022.

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

4.1.2 Items included in capital calculation

| <i>Current Period</i> | <i>Information about instruments included in total capital calculation</i> | | |
|--|--|---|---|
| Issuer | T. Garanti Bankası A.Ş. | T. Garanti Bankası A.Ş. | T. Garanti Bankası A.Ş. |
| Identifier (CUSIP, ISIN vb.) | Reg S: ISIN: XS1617531063 Common Code: 161753106 144A: CUSIP: 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. |
| Regulatory treatment | | | |
| Subject to 10% deduction as of 1/1/2015 | No | No | No |
| Eligible on unconsolidated and /or consolidated basis | Eligible on unconsolidated and consolidated | Eligible on unconsolidated and consolidated | Eligible on unconsolidated and consolidated |
| Instrument type | Subordinated debt instruments (Notes) | Subordinated debt instruments (Notes) | Subordinated debt instruments (Notes) |
| Amount recognized in regulatory capital (Currency in TL million, as of most recent reporting date) | 11,067 (31 December 2021: 9,820) | 253 (31 December 2021: 253) | 750 (31 December 2021: 750) |
| Nominal value of instrument (TL million) | 13,834 (31 December 2021: 9,820) | 253 (31 December 2021: 253) | 750 (31 December 2021: 750) |
| Accounting classification of the instrument | 34701 – Secondary Subordinated Loans | 34601– Secondary Subordinated Loans | 34601– Secondary Subordinated Loans |
| Issuance date of instrument | 23.05.2017 | 09.10.2019 | 14.02.2020 |
| Maturity structure of the instrument (demand/time) | Time | Time | Time |
| Original maturity of the instrument | 24.05.2027 | 07.10.2029 | 14.02.2030 |
| Issuer call subject to prior supervisory (BRSA) approval | No | Yes | Yes |
| Optional call date, contingent call dates and redemption amount | - | 07.10.2024 – TL 252,880,000 | 14.02.2025 – TL 750,000,000 |
| Subsequent call dates, if applicable | - | - | - |
| Interest/dividend payment | | | |
| Fixed or floating coupon/dividend payments | Fixed | Floating | Floating |
| Coupon rate and any related index | 7.1770% | TLREF + 130 bps | TLREF + 250 bps |
| Existence of any dividend payment restriction | None | None | None |
| Fully discretionary, partially discretionary or mandatory | - | - | - |
| Existence of step up or other incentive to redeem | None | None | None |
| Noncumulative or cumulative | None | None | None |
| Convertible into equity shares | None | None | None |
| If convertible, conversion trigger (s) | - | - | - |
| If convertible, fully or partially | - | - | - |
| If convertible, conversion rate | - | - | - |
| If convertible, mandatory or optional conversion | - | - | - |

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

4.1.3 Reconciliation of capital items to balance sheet

| <i>Current Period</i> | <i>Carrying value</i> | <i>Amount of correction</i> | <i>Value of the capital report</i> | <i>Explanation of differences</i> |
|---|-----------------------|-----------------------------|------------------------------------|---|
| Paid-in Capital | 4,200,000 | 772,554 | 4,972,554 | Inflation adjustments included in Paid-in Capital according to Regulation's Temporary Article 1 |
| Capital Reserves | 784,434 | (772,554) | 11,880 | Inflation adjustments included in Paid-in Capital according to Regulation's Temporary Article 1 |
| Other Capital Reserves | 772,554 | (772,554) | - | Inflation adjustments included in Paid-in Capital according to Regulation's Temporary Article 1 |
| Bonus Shares of Associates, Subsidiaries and Joint-Ventures | - | - | - | |
| Share Premium | 11,880 | - | 11,880 | |
| Other Comprehensive Income/Expenses in Shareholders' Equity as per TMS | 24,907,658 | (152,054) | 24,755,604 | 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 | 4,289,245 | - | 4,289,245 | |
| Other Comprehensive Income/Expense Items to be Recycled to Profit/Loss | 20,618,413 | (152,054) | 20,466,359 | Items not included in the calculation as per Regulation's Article 9-1-f |
| Profit Reserves | 63,189,765 | - | 63,189,765 | |
| Profit or Loss | 59,603,636 | - | 59,603,636 | |
| Prior Periods' Profit/Loss | 1,094,478 | - | 1,094,478 | |
| Current Period Net Profit/Loss | 58,509,158 | - | 58,509,158 | |
| Deductions from Common Equity Tier I Capital (-) | - | | 1,086,867 | Deductions from Common Equity Tier 1 Capital as per the Regulation |
| Common Equity Tier I Capital | 152,685,493 | | 151,446,572 | |
| Subordinated Debts | - | | - | |
| Deductions from Tier I Capital (-) | - | | - | Deductions from Tier 1 Capital as per the Regulation |
| Tier I Capital | | | 151,446,572 | |
| Subordinated Debts | | | 12,158,080 | |
| 12 Month ECL (Stage 1) and Lifetime ECL Significant Increase in Credit Risk (Stage 2) | | | 9,211,267 | Stage 1 and Stage 2 expected credit losses added to Tier II Capital as per the Regulation's Article 8 |
| Deductions from Tier II Capital (-) | | | - | Deductions from Tier II Capital as per the Regulation |
| Tier II Capital | | | 21,369,347 | |
| Deductions from Total Capital (-) | | | 82 | Deductions from Capital as per the Regulation |
| Total | | | 172,815,837 | |

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

| <i>Prior Period</i> | <i>Carrying value</i> | <i>Amount of correction</i> | <i>Value of the capital report</i> | <i>Explanation of differences</i> |
|---|-----------------------|-----------------------------|------------------------------------|---|
| Paid-in Capital | 4,200,000 | 772,554 | 4,972,554 | Inflation adjustments included in Paid-in Capital according to Regulation's Temporary Article 1 |
| Capital Reserves | 784,434 | (772,554) | 11,880 | Inflation adjustments included in Paid-in Capital according to Regulation's Temporary Article 1 |
| Other Capital Reserves | 772,554 | (772,554) | - | Inflation adjustments included in Paid-in Capital according to Regulation's Temporary Article 1 |
| Bonus Shares of Associates, Subsidiaries and Joint-Ventures | - | - | - | |
| Share Premium | 11,880 | - | 11,880 | |
| Other Comprehensive Income/Expenses in Shareholders' Equity as per TMS | 9,527,756 | 1,605,426 | 11,133,182 | Items not included in the calculation as per Regulation's Article 9-1-f |
| Other Comprehensive Income/Expense Items not to be Recycled to Profit/Loss | 1,722,928 | - | 1,722,928 | |
| Other Comprehensive Income/Expense Items to be Recycled to Profit/Loss | 7,804,828 | 1,605,426 | 9,410,254 | Items not included in the calculation as per Regulation's Article 9-1-f |
| Profit Reserves | 51,319,079 | - | 51,319,079 | |
| Profit or Loss | 14,149,990 | - | 14,149,990 | |
| Prior Periods' Profit/Loss | 548,851 | - | 548,851 | |
| Current Period Net Profit/Loss | 13,601,139 | - | 13,601,139 | |
| Deductions from Common Equity Tier I Capital (-) | - | | 843,023 | Deductions from Common Equity Tier 1 Capital as per the Regulation |
| Common Equity Tier I Capital | 79,981,259 | | 80,743,662 | |
| Subordinated Debts | - | | - | |
| Deductions from Tier I Capital (-) | - | | - | Deductions from Tier 1 Capital as per the Regulation |
| Tier I Capital | - | | 80,743,662 | |
| Subordinated Debts | | | 10,822,630 | |
| 12 Month ECL (Stage 1) and Lifetime ECL Significant Increase in Credit Risk (Stage 2) | | | 5,601,236 | Stage 1 and Stage 2 expected credit losses added to Tier II Capital as per the Regulation's Article 8 |
| Deductions from Tier II Capital (-) | | | - | Deductions from Tier II Capital as per the Regulation |
| Tier II Capital | | | 16,423,866 | |
| Deductions from Total Capital (-) | | | 2,984 | Deductions from Capital as per the Regulation |
| Total | | | 97,164,544 | |

4.2 Credit risk

Credit risk is defined as risks and losses that may occur if the counterparty fails to comply with the agreement's requirements and cannot perform its obligations partially or completely on the terms set. In compliance with the legislation, the credit limits are set for the financial position and credit requirements of customers within the authorization limits assigned for Branches, Lending Departments, Executive Vice President responsible of Lending, General Manager, Credit Committee and Board of Directors. The limits are subject to revision if necessary.

The debtors or group of debtors are subject to credit risk limits. Sectoral risk concentrations are reviewed on a monthly basis.

Credit worthiness of debtors is periodically reviewed in compliance with the legislation and in case that the risk level of debtor deteriorates, the credit limits are revised and further collateral is required by risk rating models developed and optimized for this purpose. For unsecured loans, the necessary documentation is gathered in compliance with the legislation.

Geographical concentration of credit customers is reviewed monthly. This is in line with the concentration of industrial and commercial activities in Turkey.

In accordance with the Bank's lending policies, the debtor's creditworthiness is analysed and the adequate collateral is obtained based on the financial position of the company and the type of loan; like cash collateral, bank guarantees, mortgages, pledges, bills and personal or corporate guarantees.

The Bank has control limits on the position held through forwards, options and other similar agreements. Credit risk of such instruments is managed together with the risk from market fluctuations. The Bank follows up the risk arising from such instruments and takes the necessary actions to decrease it when necessary.

The liquidated non-cash loans are subject to the same risk weight with the overdue loans.

The Bank performs foreign trade finance and other interbank credit transactions through widespread correspondents network. Accordingly, the Bank assigns limits to domestic and foreign banks and other financial institutions based on review of their credit worthiness, periodically.

The Bank's largest 100 and 200 cash loan customers compose 25.95% (31 December 2021: 28.97%) and 31.59% (31 December 2021: 35.02%) of the total cash loan portfolio, respectively.

The Bank's largest 100 and 200 non-cash loan customers compose 35.29% (31 December 2021: 41.69%) and 45.88% (31 December 2021: 51.94%) of the total non-cash loan portfolio, respectively.

The Bank's largest 100 ve 200 cash and non-cash loan customers represent 7.91% (31 December 2021: 8.85%) and 10.24% (31 December 2021: 11.26%) of the total "on and off balance sheet" assets, respectively.

Stage 1 and Stage 2 expected losses for credit risks of the Bank amount to TL 29,172,110 (general provision as of 31 December 2021: TL 17,984,110).

The Bank developed a statistical-based internal default rate model for its credit portfolio of corporate/commercial/medium-size companies. This internal default rate model is used for expected credit loss of the Bank. Risk rating system which has been used for both to determine branch managers' credit authorization limits and in credit assessment process, is also used in default rate model calculations.

The concentration table of the cash and non-cash loans for the Bank according to the risk rating system for its customers defined as corporate, commercial and medium-size enterprises is presented below:

| | <i>Current Period</i> | <i>Prior Period</i> |
|---------------|-----------------------|---------------------|
| | % | % |
| Above Average | 6.44 | 14.65 |
| Average | 18.83 | 14.39 |
| Below Average | 74.73 | 70.96 |
| Total | 100.00 | 100.00 |

| Exposure Categories | <i>Current Period</i> | | <i>Prior Period</i> | |
|--|---------------------------|--|---------------------------|--|
| | <i>Risk Amount</i> (*) | <i>Average Risk Amount</i> ^(**) | <i>Risk Amount</i> (*) | <i>Average Risk Amount</i> ^(**) |
| Conditional and unconditional exposures to central governments or central banks | 270,274,370 | 250,200,924 | 175,941,380 | 135,334,507 |
| Conditional and unconditional exposures to regional governments or local authorities | 2,076,545 | 2,112,185 | 1,458,841 | 1,295,706 |
| Conditional and unconditional exposures to administrative bodies and non-commercial undertakings | 2,559,758 | 1,428,695 | 871,160 | 380,806 |
| Conditional and unconditional exposures to multilateral development banks | 44,041 | 1,111,316 | 1,375,852 | 1,375,050 |
| Conditional and unconditional exposures to international organisations | - | - | - | - |
| Conditional and unconditional exposures to banks and brokerage houses | 107,080,456 | 83,450,568 | 81,730,775 | 47,577,466 |
| Conditional and unconditional exposures to corporates | 380,323,131 | 323,661,914 | 240,210,944 | 219,193,709 |
| Conditional and unconditional retail exposures | 238,023,012 | 169,865,888 | 133,348,271 | 130,817,359 |
| Conditional and unconditional exposures secured by real estate property | 35,148,881 | 34,655,649 | 31,625,064 | 30,963,493 |
| Past due items | 4,694,052 | 4,505,299 | 4,004,061 | 4,384,343 |
| Items in regulatory high-risk categories | 91,595,832 | 61,576,441 | 22,890,874 | 7,434,380 |
| Exposures in the form of bonds secured by mortgages | - | - | - | - |
| Securitisation positions | - | - | - | - |
| Short term exposures to banks, brokerage houses and corporates | - | - | - | - |
| Exposures in the form of collective investment undertakings | - | - | - | - |
| Shares | 24,865,390 | 20,825,429 | 16,043,908 | 13,073,070 |
| Other items | 33,593,652 | 35,370,985 | 28,060,682 | 20,878,507 |

(*) Includes total risk amounts before the effect of credit risk mitigation but after credit conversions.

(**) Average risk amounts are the arithmetical average of the amounts in monthly reports prepared as per the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks.

4.2.1 Profile of significant exposures in major regions

| <i>Current Period</i> (*) | Conditional and unconditional exposures to central governments or central banks | Conditional and unconditional exposures to banks and brokerage houses | Conditional and unconditional exposures to corporates | Conditional and unconditional retail exposures | Conditional and unconditional exposures secured by real estate property | Past due receivables | Other | Total |
|--|---|---|---|--|---|----------------------|--------------------|----------------------|
| Domestic | 266,070,501 | 54,979,095 | 365,882,914 | 237,263,610 | 34,798,248 | 4,539,926 | 130,234,969 | 1,093,769,263 |
| European Union (EU) Countries | 1,261 | 9,653,372 | 956,606 | 131,336 | 225,005 | 65,245 | 16,075 | 11,048,900 |
| OECD Countries (**) | 143 | 37,569,191 | 715,443 | 45,341 | 50,167 | 67 | 37,143 | 38,417,495 |
| Off-Shore Banking Regions | 0 | 5,404 | 3,503,857 | 830 | 2,308 | 3 | 71 | 3,512,473 |
| USA, Canada | 32 | 3,144,689 | 122 | 38,614 | 38,886 | 122 | 958 | 3,223,423 |
| Other Countries | 4,202,433 | 427,817 | 3,226,205 | 543,281 | 34,267 | 88,689 | 211,235 | 8,733,927 |
| Associates, Subsidiaries and Joint –Ventures | - | 1,300,888 | 6,037,984 | - | - | - | 24,234,767 | 31,573,639 |
| Unallocated Assets/Liabilities (***) | - | - | - | - | - | - | - | - |
| Total | 270,274,370 | 107,080,456 | 380,323,131 | 238,023,012 | 35,148,881 | 4,694,052 | 154,735,218 | 1,190,279,120 |

(*) Includes risk amounts before the effect of credit risk mitigation but after the credit conversion.

(**) Includes OECD countries other than EU countries, USA and Canada.

(***) Includes assets and liability items that can not be allocated on a consistent basis

| <i>Prior Period</i> (*) | Conditional and unconditional exposures to central governments or central banks | Conditional and unconditional exposures to banks and brokerage houses | Conditional and unconditional exposures to corporates | Conditional and unconditional retail exposures | Conditional and unconditional exposures secured by real estate property | Past due receivables | Other | Total |
|--|---|---|---|--|---|----------------------|-------------------|--------------------|
| Domestic | 169,589,292 | 39,713,865 | 232,477,600 | 132,695,449 | 31,294,967 | 3,966,087 | 53,528,842 | 663,266,102 |
| European Union (EU) Countries | 4,189,463 | 17,801,404 | 1,725,915 | 127,675 | 245,162 | 34,637 | 1,384,868 | 25,509,124 |
| OECD Countries (**) | 93 | 15,678,850 | 527,803 | 14,268 | 20,257 | 125 | 784 | 16,242,180 |
| Off-Shore Banking Regions | - | 79,627 | 1,348,738 | 1,005 | 1,624 | - | 12 | 1,431,006 |
| USA, Canada | 89 | 7,808,289 | 35 | 23,553 | 26,710 | 1 | 772 | 7,859,449 |
| Other Countries | 2,162,443 | 363,854 | 2,140,358 | 486,321 | 36,344 | 3,211 | 59,842 | 5,252,373 |
| Associates, Subsidiaries and Joint –Ventures | - | 284,886 | 1,990,495 | - | - | - | 15,726,196 | 18,001,577 |
| Unallocated Assets/Liabilities (***) | - | - | - | - | - | - | - | - |
| Total | 175,941,380 | 81,730,775 | 240,210,944 | 133,348,271 | 31,625,064 | 4,004,061 | 70,701,316 | 737,561,811 |

(*) Includes risk amounts before the effect of credit risk mitigation but after the credit conversion.

(**) Includes OECD countries other than EU countries, USA and Canada.

(***) Includes assets and liability items that can not be allocated on a consistent basis.

4.2.2 Risk profile by sectors or counterparties

| Current Period (*) | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | TL | FC | Total |
|---------------------------------|-------------|-----------|-----------|--------|---|-------------|-------------|-------------|------------|-----------|------------|----|----|----|----|------------|------------|-------------|-------------|---------------|
| Agriculture | - | - | - | - | - | - | 3,135,411 | 1,178,951 | 246,157 | 7,448 | 360,625 | - | - | - | - | - | - | 4,109,840 | 818,752 | 4,928,592 |
| Farming and Stockbreeding | - | - | - | - | - | - | 1,566,760 | 921,931 | 203,922 | 5,436 | 298,113 | - | - | - | - | - | - | 2,951,041 | 45,121 | 2,996,162 |
| Forestry | - | - | - | - | - | - | 286,761 | 192,454 | 38,553 | 1,324 | 20,090 | - | - | - | - | - | - | 402,658 | 136,524 | 539,182 |
| Fishery | - | - | - | - | - | - | 1,281,890 | 64,566 | 3,682 | 688 | 42,422 | - | - | - | - | - | - | 756,141 | 637,107 | 1,393,248 |
| Manufacturing | - | 589,410 | 8,787 | - | - | - | 168,311,418 | 19,125,528 | 5,951,853 | 1,036,849 | 18,325,421 | - | - | - | - | - | - | 125,153,953 | 88,195,313 | 213,349,266 |
| Mining and Quarrying | - | - | - | - | - | - | 10,247,174 | 443,667 | 199,464 | 2,923 | 186,298 | - | - | - | - | - | - | 2,871,656 | 8,207,870 | 11,079,526 |
| Production | - | - | 13 | - | - | - | 112,605,620 | 18,366,446 | 4,965,092 | 230,889 | 13,404,036 | - | - | - | - | - | - | 105,219,654 | 44,352,442 | 149,572,096 |
| Electricity, Gas and Water | - | 589,410 | 8,774 | - | - | - | 45,458,624 | 315,415 | 787,297 | 803,037 | 4,735,087 | - | - | - | - | - | - | 17,062,643 | 35,635,001 | 52,697,644 |
| Construction | - | - | 13 | - | - | - | 21,023,320 | 5,267,456 | 1,257,219 | 87,795 | 650,318 | - | - | - | - | - | - | 15,983,979 | 12,302,142 | 28,286,121 |
| Services | 133,877 | - | 2,072,598 | 44,041 | - | 107,080,456 | 176,031,154 | 201,331,021 | 26,396,029 | 3,501,001 | 69,538,177 | - | - | - | - | 743,457 | - | 448,967,740 | 137,904,071 | 586,871,811 |
| Wholesale and Retail Trade | - | - | 1,414,863 | - | - | - | 92,523,311 | 165,216,495 | 20,126,177 | 1,878,895 | 65,366,872 | - | - | - | - | - | - | 301,525,260 | 45,001,353 | 346,526,613 |
| Accommodation and Dining | - | - | 5,043 | - | - | - | 11,475,350 | 3,870,553 | 3,335,926 | 157,199 | 839,948 | - | - | - | - | - | - | 10,965,482 | 8,718,537 | 19,684,019 |
| Transportation and Telecom. | - | - | 106 | - | - | - | 24,949,584 | 8,845,105 | 985,636 | 394,411 | 1,269,045 | - | - | - | - | - | - | 20,304,582 | 16,139,305 | 36,443,887 |
| Financial Institutions | 133,317 | - | 630,506 | 44,041 | - | 107,080,456 | 27,745,937 | 16,086,454 | 143,059 | 128,597 | 1,065,534 | - | - | - | - | 743,457 | - | 92,424,770 | 61,376,588 | 153,801,358 |
| Real Estate and Rental Services | 17 | - | 20,057 | - | - | - | 16,626,530 | 5,886,729 | 1,536,013 | 926,102 | 756,551 | - | - | - | - | - | - | 19,489,840 | 6,262,159 | 25,751,999 |
| Professional Services | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Educational Services | - | - | 909 | - | - | - | 527,639 | 499,815 | 134,191 | 12,416 | 50,909 | - | - | - | - | - | - | 1,059,648 | 166,231 | 1,225,879 |
| Health and Social Services | 543 | - | 1,114 | - | - | - | 2,182,803 | 925,870 | 135,027 | 3,381 | 189,318 | - | - | - | - | - | - | 3,198,158 | 239,898 | 3,438,056 |
| Others | 270,140,493 | 1,487,135 | 478,360 | - | - | - | 11,821,828 | 11,120,056 | 1,297,623 | 60,959 | 2,721,291 | - | - | - | - | 24,121,933 | 33,593,652 | 192,461,897 | 164,381,433 | 356,843,330 |
| Total | 270,274,370 | 2,076,545 | 2,559,758 | 44,041 | - | 107,080,456 | 380,323,131 | 238,023,012 | 35,148,881 | 4,694,052 | 91,595,832 | - | - | - | - | 24,865,390 | 33,593,652 | 786,677,409 | 403,601,711 | 1,190,279,120 |

Türkiye Garanti Bankası AŞ

Unconsolidated Financial Report as of and
for the Year Ended 31 December 2022
(Thousands of Turkish Lira (TL))

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

| <i>Prior Period</i> (*) | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | TL | FC | Total |
|-----------------------------|-------------|-----------|---------|-----------|---|------------|-------------|-------------|------------|-----------|------------|----|----|----|----|------------|------------|-------------|-------------|-------------|
| Agriculture | - | - | - | - | - | - | 1,621,227 | 701,443 | 219,932 | 10,609 | 11,668 | - | - | - | - | - | - | 1,920,141 | 644,738 | 2,564,879 |
| Farming and Stockbreeding | - | - | - | - | - | - | 1,016,334 | 547,201 | 171,615 | 7,754 | 8,970 | - | - | - | - | - | - | 1,614,797 | 137,077 | 1,751,874 |
| Forestry | - | - | - | - | - | - | 133,645 | 124,676 | 36,916 | 1,752 | 2,384 | - | - | - | - | - | - | 161,475 | 137,898 | 299,373 |
| Fishery | - | - | - | - | - | - | 471,248 | 29,566 | 11,401 | 1,103 | 314 | - | - | - | - | - | - | 143,869 | 369,763 | 513,632 |
| Manufacturing | - | 180,952 | 25,089 | - | - | - | 112,792,761 | 12,656,354 | 4,755,318 | 1,356,291 | 277,986 | - | - | - | - | - | - | 59,326,882 | 72,717,869 | 132,044,751 |
| Mining and Quarrying | - | - | - | - | - | - | 5,922,059 | 376,400 | 94,527 | 2,295 | 1,120 | - | - | - | - | - | - | 1,706,313 | 4,690,088 | 6,396,401 |
| Production | - | - | 6 | - | - | - | 68,015,707 | 12,017,906 | 4,004,021 | 395,015 | 184,656 | - | - | - | - | - | - | 47,828,836 | 36,788,475 | 84,617,311 |
| Electricity, Gas and Water | - | 180,952 | 25,083 | - | - | - | 38,854,995 | 262,048 | 656,770 | 958,981 | 92,210 | - | - | - | - | - | - | 9,791,733 | 31,239,306 | 41,031,039 |
| Construction | - | - | 3 | - | - | - | 13,726,988 | 3,489,790 | 1,011,647 | 133,671 | 181,189 | - | - | - | - | - | - | 8,866,193 | 9,677,095 | 18,543,288 |
| Services | 94,266 | 25 | 519,810 | 1,375,852 | - | 81,730,775 | 106,795,522 | 110,167,137 | 24,668,704 | 2,442,482 | 22,172,839 | - | - | - | - | 364,933 | - | 252,928,150 | 97,404,195 | 350,332,345 |
| Wholesale and Retail Trade | - | - | 513,494 | - | - | - | 47,670,868 | 98,815,470 | 19,939,240 | 1,248,879 | 21,473,607 | - | - | - | - | - | - | 168,296,756 | 21,364,802 | 189,661,558 |
| Accommodation and Dining | - | 25 | 3,109 | - | - | - | 8,849,350 | 2,294,755 | 2,532,515 | 98,219 | 107,698 | - | - | - | - | - | - | 6,391,872 | 7,493,799 | 13,885,671 |
| Transportation and Telecom. | - | - | 171 | - | - | - | 21,349,734 | 5,024,833 | 692,717 | 495,334 | 189,773 | - | - | - | - | - | - | 11,942,148 | 15,810,414 | 27,752,562 |
| Financial Institutions | 93,799 | - | - | 1,375,852 | - | 81,730,775 | 19,463,245 | 236,293 | 209,815 | 2,478 | 305,053 | - | - | - | - | 364,933 | - | 55,992,958 | 47,789,285 | 103,782,243 |
| Real Estate and Rental | 10 | - | 208 | - | - | - | 7,955,846 | 2,885,907 | 832,719 | 587,236 | 74,746 | - | - | - | - | - | - | 7,753,134 | 4,583,538 | 12,336,672 |
| Professional Services | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Educational Services | - | - | 643 | - | - | - | 339,722 | 293,073 | 290,176 | 8,237 | 13,811 | - | - | - | - | - | - | 783,561 | 162,101 | 945,662 |
| Health and Social Services | 457 | - | 2,185 | - | - | - | 1,166,757 | 616,806 | 171,522 | 2,099 | 8,151 | - | - | - | - | - | - | 1,767,721 | 200,256 | 1,967,977 |
| Others | 175,847,114 | 1,277,864 | 326,258 | - | - | - | 5,274,446 | 6,333,547 | 969,463 | 61,008 | 247,192 | - | - | - | - | 15,678,975 | 28,060,682 | 108,520,201 | 125,556,348 | 234,076,549 |
| Total | 175,941,380 | 1,458,841 | 871,160 | 1,375,852 | - | 81,730,775 | 240,210,944 | 133,348,271 | 31,625,064 | 4,004,061 | 22,890,874 | - | - | - | - | 16,043,908 | 28,060,682 | 431,561,567 | 306,000,245 | 737,561,812 |

- 1- Conditional and unconditional exposures to central governments or central banks
- 2- Conditional and unconditional exposures to regional governments or local authorities
- 3- Conditional and unconditional exposures to administrative bodies and non-commercial undertakings
- 4- Conditional and unconditional exposures to multilateral development banks
- 5- Conditional and unconditional exposures to international organisations
- 6- Conditional and unconditional exposures to banks and brokerage houses
- 7- Conditional and unconditional exposures to corporates
- 8- Conditional and unconditional retail exposures
- 9- Conditional and unconditional exposures secured by real estate property
- 10- Past due receivables
- 11- Receivables in regulatory high-risk categories
- 12- Exposures in the form of bonds secured by mortgages
- 13- Securitisation positions
- 14- Short term exposures to banks, brokerage houses and corporates
- 15- Exposures in the form of collective investment undertakings
- 16- Shares
- 17- Other receivables

(*) Includes risk amounts before the effect of credit risk mitigation but after the credit conversion.

4.2.3 Analysis of maturity-bearing exposures according to remaining maturities

| <i>Current Period</i> | <i>Term To Maturity</i> | | | | | | <i>Total</i> |
|--|-------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|----------------------|
| | <i>Up to 1 Month</i> | <i>1-3 Months</i> | <i>3-6 Months</i> | <i>6-12 Months</i> | <i>Over 1 Year</i> | <i>Demand</i> | |
| Exposure Categories (*) | | | | | | | |
| Conditional and unconditional exposures to central governments or central banks | 63,594,717 | 3,581,767 | 7,696,057 | 15,545,695 | 143,673,308 | 36,182,826 | 270,274,370 |
| Conditional and unconditional exposures to regional governments or local authorities | - | 1,126 | 4,218 | 13,009 | 2,058,192 | - | 2,076,545 |
| Conditional and unconditional exposures to administrative bodies and non-commercial undertakings | 1,749 | 117,561 | 1,420,557 | 28,584 | 989,133 | 2,174 | 2,559,758 |
| Conditional and unconditional exposures to multilateral development banks | 3,455 | - | 4,146 | 7,256 | 20,465 | 8,719 | 44,041 |
| Conditional and unconditional exposures to international organisations | - | - | - | - | - | - | - |
| Conditional and unconditional exposures to banks and brokerage houses | 71,923,666 | 4,458,763 | 4,966,955 | 4,325,191 | 12,817,010 | 8,588,871 | 107,080,456 |
| Conditional and unconditional exposures to corporates | 41,725,422 | 47,314,079 | 53,743,874 | 65,699,796 | 154,707,125 | 17,132,835 | 380,323,131 |
| Conditional and unconditional retail exposures | 48,275,267 | 39,810,520 | 16,897,288 | 38,361,200 | 43,364,324 | 51,314,413 | 238,023,012 |
| Conditional and unconditional exposures secured by real estate property | 653,018 | 1,846,877 | 3,601,288 | 3,560,083 | 24,905,159 | 582,456 | 35,148,881 |
| Past due items | - | - | - | - | - | 4,694,052 | 4,694,052 |
| Items in regulatory high-risk categories | 6,206,845 | 8,576,764 | 17,698,348 | 8,369,267 | 47,250,175 | 3,494,433 | 91,595,832 |
| Exposures in the form of bonds secured by mortgages | - | - | - | - | - | - | - |
| Securitisation positions | - | - | - | - | - | - | - |
| Short term exposures to banks, brokerage houses and corporates | - | - | - | - | - | - | - |
| Exposures in the form of collective investment undertakings | - | - | - | - | - | - | - |
| Shares | - | - | - | - | - | 24,865,390 | 24,865,390 |
| Other items | 71,990 | 767,582 | - | - | - | 32,754,080 | 33,593,652 |
| Total | 232,456,129 | 106,475,039 | 106,032,731 | 135,910,081 | 429,784,891 | 179,620,249 | 1,190,279,120 |

(*) Includes risk amounts before the effect of credit risk mitigation but after the credit conversions.

| <i>Prior Period</i> | Term To Maturity | | | | | Demand | Total |
|--|--------------------|-------------------|-------------------|-------------------|--------------------|--------------------|--------------------|
| | Up to 1 Month | 1-3 Months | 3-6 Months | 6-12 Months | Over 1 Year | | |
| Conditional and unconditional exposures to central governments or central banks | 56,951,735 | 6,106,000 | 1,549,163 | 4,510,896 | 65,889,093 | 40,934,493 | 175,941,380 |
| Conditional and unconditional exposures to regional governments or local authorities | - | - | 59,274 | 287,361 | 1,112,206 | - | 1,458,841 |
| Conditional and unconditional exposures to administrative bodies and non-commercial undertakings | 380 | 232,061 | 66,943 | 79,766 | 208,627 | 283,383 | 871,160 |
| Conditional and unconditional exposures to multilateral development banks | - | - | - | 266 | 1,375,541 | 45 | 1,375,852 |
| Conditional and unconditional exposures to international organisations | - | - | - | - | - | - | - |
| Conditional and unconditional exposures to banks and brokerage houses | 36,741,165 | 8,342,513 | 2,712,708 | 2,159,238 | 10,165,471 | 21,609,680 | 81,730,775 |
| Conditional and unconditional exposures to corporates | 10,894,158 | 25,632,787 | 30,433,794 | 40,322,666 | 120,684,336 | 12,243,203 | 240,210,944 |
| Conditional and unconditional retail exposures | 24,388,155 | 16,526,861 | 6,613,954 | 12,565,373 | 56,246,165 | 17,007,763 | 133,348,271 |
| Conditional and unconditional exposures secured by real estate property | 209,616 | 982,118 | 1,501,672 | 2,148,328 | 25,987,522 | 795,808 | 31,625,064 |
| Past due items | - | - | - | - | - | 4,004,061 | 4,004,061 |
| Items in regulatory high-risk categories | 1,306,975 | 693,692 | 14,729 | 47,097 | 20,163,365 | 665,016 | 22,890,874 |
| Exposures in the form of bonds secured by mortgages | - | - | - | - | - | - | - |
| Securitisation positions | - | - | - | - | - | - | - |
| Short term exposures to banks, brokerage houses and corporates | - | - | - | - | - | - | - |
| Exposures in the form of collective investment undertakings | - | - | - | - | - | - | - |
| Shares | - | - | - | - | - | 16,043,908 | 16,043,908 |
| Other items | 92,353 | 534,239 | - | - | - | 27,434,090 | 28,060,682 |
| Total | 130,584,537 | 59,050,271 | 42,952,237 | 62,120,991 | 301,832,326 | 141,021,450 | 737,561,812 |

(*) Includes risk amounts before the effect of credit risk mitigation but after the credit conversions.

4.2.4 Exposure categories

An international rating firm, Fitch Ratings' external risk ratings are used to determine the risk weights of the risk categories as per the Article 6 of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks".

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

According to capital adequacy regulations, Fitch Ratings International Ratings and JCR Avrasya Derecelendirme A.Ş's national ratings are taken into consideration in determining the risk weights for the risk classes of receivables from banks and brokerage houses and corporate receivables. In accordance with the BRSA decision dated 21 February 2020 and numbered 8875, the national ratings announced by JCR Avrasya Derecelendirme A.Ş. are used for the risk weights of domestic banks, intermediary institutions and corporate TL receivables. Where the counterparties are domestic, the related exposures are included in the calculation of capital adequacy as unrated.

Fitch Ratings' risk ratings as per the credit quality grades and the risk weights according to exposure categories are presented below:

| Credit Quality Grade | Fitch Ratings Long Term Credit Rating | Exposure Categories | | | |
|----------------------|---------------------------------------|---|---|---|-------------------------|
| | | Exposures to Central Governments or Central Banks | Exposures to Banks and Brokerage Houses | | Exposures to Corporates |
| | | | Exposures with Original Maturities Less Than 3 Months | Exposures with Original Maturities More Than 3 Months | |
| 1 | AAA to AA- | 0% | 20% | 20% | 20% |
| 2 | A+ to A- | 20% | 20% | 50% | 50% |
| 3 | BBB+ to BBB- | 50% | 20% | 50% | 100% |
| 4 | BB+ to BB- | 100% | 50% | 100% | 100% |
| 5 | B+ to B- | 100% | 50% | 100% | 150% |
| 6 | CCC+ and below | 150% | 150% | 150% | 150% |

4.2.5 Exposures by risk weight

| <i>Current Period</i> (*) | 0% | 2% | 10% | 20% | 25% | 35% | 50% | 75% | 100% | 150% | 250% | Others | Deductions from Equity |
|------------------------------|-------------|------------|--------------|--------------|------------|-------------|-------------|------------|------|------------|-----------|--------|---------------------------|
| Risk Weights | | | | | | | | | | | | | |
| Exposures before | | | | | | | | | | | | | |
| Credit Risk | 283,013,890 | 34,962,063 | - 79,163,905 | - 17,088,276 | 73,574,999 | 181,918,333 | 395,754,741 | 53,279,030 | - | 38,104,357 | 1,086,896 | | |
| Mitigation | | | | | | | | | | | | | |
| Exposures after | | | | | | | | | | | | | |
| Credit Risk | 287,781,007 | 242,585 | - 59,821,312 | - 17,078,286 | 64,563,526 | 175,169,046 | 377,693,383 | 53,218,581 | - | 38,104,357 | 1,086,896 | | |
| Mitigation | | | | | | | | | | | | | |

(*) Excluding counterparty credit risk and securities positions

| <i>Prior Period</i> (*) | 0% | 2% | 10% | 20% | 25% | 35% | 50% | 75% | 100% | 150% | 250% | Others | Deductions from Equity |
|----------------------------|-------------|------------|--------------|--------------|------------|-------------|-------------|------------|------|------|---------|--------|---------------------------|
| Risk Weights | | | | | | | | | | | | | |
| Exposures before | | | | | | | | | | | | | |
| Credit Risk | 170,304,931 | 30,892,595 | - 28,564,471 | - 17,807,366 | 44,351,333 | 119,899,696 | 274,814,692 | 22,399,958 | - | - | 845,931 | | |
| Mitigation | | | | | | | | | | | | | |
| Exposures after | | | | | | | | | | | | | |
| Credit Risk | 172,437,123 | 406,038 | - 28,564,474 | - 17,794,619 | 38,579,790 | 116,661,757 | 269,524,570 | 22,254,636 | - | - | 845,931 | | |
| Mitigation | | | | | | | | | | | | | |

(*) Excluding counterparty credit risk and securities positions

4.2.6 Information by major sectors and type of counterparties

The Bank assesses its financial assets in 3 stages based on TFRS 9 as explained in accounting policy note 3.8.1 “Calculation of expected credit losses”. In this respect, the Bank recognizes life time expected credit losses for impaired loans (Stage 3) and considers the probability of default to be 100%.

When the loan is not under default yet, but there is a significant increase in the credit risk since origination date, the Bank calculates life time expected credit losses for these loans (Stage 2).

Regarding the remaining financial assets within the scope of TFRS 9, the Bank calculates 12-month estimated probability of default and measures the loss allowance for these loans (Stage 1) at an amount equal to 12-month (after the reporting date) expected credit losses.

| <i>Current Period</i> | Loans | | <i>IFRS 9 Expected Credit Losses</i> |
|--------------------------------------|--|--------------------------------|--|
| | <i>Significant Increase in Credit Risk (Stage 2)</i> | <i>Defaulted (Stage 3)</i> | |
| Agriculture | 90,553 | 45,430 | 41,674 |
| Farming and Stockbreeding | 66,035 | 27,048 | 25,017 |
| Forestry | 17,155 | 9,087 | 8,266 |
| Fishery | 7,363 | 9,295 | 8,391 |
| Manufacturing | 46,669,546 | 5,927,500 | 15,388,514 |
| Mining and Quarrying | 3,254,594 | 30,811 | 1,515,738 |
| Production | 22,309,589 | 1,341,211 | 3,684,914 |
| Electricity, Gas and Water | 21,105,363 | 4,555,478 | 10,187,862 |
| Construction | 5,480,727 | 2,317,183 | 3,317,717 |
| Services | 40,015,212 | 7,130,728 | 14,011,744 |
| Wholesale and Retail Trade | 8,938,374 | 1,985,241 | 2,476,907 |
| Accommodation and Dining | 5,257,798 | 539,285 | 1,193,314 |
| Transportation and Telecommunication | 14,891,929 | 1,902,877 | 3,049,152 |
| Financial Institutions | 1,409,053 | 15,489 | 313,032 |
| Real Estate and Rental Services | 8,799,487 | 2,586,060 | 6,826,480 |
| Professional Services | - | - | - |
| Educational Services | 269,700 | 78,751 | 106,335 |
| Health and Social Services | 448,871 | 23,025 | 46,524 |
| Others | 37,472,494 | 4,697,825 | 4,807,800 |
| Total | 129,728,532 | 20,118,666 | 37,567,449 |

| <i>Prior Period</i> | Loans | | <i>IFRS 9 Expected Credit Losses</i> |
|--------------------------------------|--|--------------------------------|--|
| | <i>Significant Increase in Credit Risk (Stage 2)</i> | <i>Defaulted (Stage 3)</i> | |
| Agriculture | 333,257 | 57,170 | 95,422 |
| Farming and Stockbreeding | 137,160 | 33,074 | 32,691 |
| Forestry | 19,410 | 14,096 | 12,636 |
| Fishery | 176,687 | 10,000 | 50,095 |
| Manufacturing | 36,961,582 | 5,735,556 | 10,885,673 |
| Mining and Quarrying | 3,710,488 | 26,991 | 1,247,431 |
| Production | 18,736,244 | 1,681,516 | 3,093,318 |
| Electricity, Gas and Water | 14,514,850 | 4,027,049 | 6,544,924 |
| Construction | 3,146,176 | 1,955,947 | 1,940,620 |
| Services | 32,538,416 | 6,870,900 | 10,530,599 |
| Wholesale and Retail Trade | 8,106,704 | 2,194,111 | 2,379,557 |
| Accommodation and Dining | 7,567,989 | 430,985 | 1,212,460 |
| Transportation and Telecommunication | 8,420,191 | 1,797,293 | 2,398,924 |
| Financial Institutions | 1,415,631 | 32,181 | 377,141 |
| Real Estate and Rental Services | 6,199,898 | 2,308,975 | 3,989,483 |
| Professional Services | - | - | - |
| Educational Services | 341,486 | 80,994 | 114,078 |
| Health and Social Services | 486,517 | 26,361 | 58,956 |
| Others | 21,855,085 | 3,453,888 | 3,218,171 |
| Total | 94,834,516 | 18,073,461 | 26,670,485 |

4.2.7 Movements in value adjustments and provisions

| | <i>Current Period</i> | Opening Balance | Provision for Period | Provision Reversals | Other Adjustments | Closing Balance |
|---|--------------------------------|------------------------|-----------------------------|----------------------------|--------------------------|------------------------|
| 1 | Stage 3 Provisions | 11,941,132 | 19,383,529 | 8,463,153 | 8,367,909 | 14,493,599 |
| 2 | Stage 1 and Stage 2 Provisions | 17,984,110 | 31,931,183 | 20,743,186 | - | 29,172,107 |

| | <i>Prior Period</i> | Opening Balance | Provision for Period | Provision Reversals | Other Adjustments | Closing Balance |
|---|--------------------------------|------------------------|-----------------------------|----------------------------|--------------------------|------------------------|
| 1 | Stage 3 Provisions | 9,929,201 | 7,667,500 | 1,756,577 | 3,898,992 | 11,941,132 |
| 2 | Stage 1 and Stage 2 Provisions | 12,114,805 | 19,961,225 | 14,091,920 | - | 17,984,110 |

4.2.8 Exposures subject to countercyclical capital buffer

| <i>Current Period</i> Country | RWAs of Banking Book for Private Sector Lending | RWAs of Trading Book | Total |
|-------------------------------------|--|-----------------------------|--------------|
| Turkey | 652,955,685 | 2,634,393 | 655,590,078 |
| Cayman Islands | 2,026,674 | - | 2,026,674 |
| Turkish Republic of Northern Cyprus | 2,211,094 | 980 | 2,212,074 |
| Malta | 519,704 | - | 519,704 |
| Switzerland | 14,128 | 58 | 14,186 |
| The Netherlands | 304,788 | 1,347 | 306,135 |
| United Kingdom | 615,280 | 25,873 | 641,153 |
| Macedonia | 566 | - | 566 |
| Romania | 170,697 | 1 | 170,698 |
| Others | 1,803,711 | 4,667 | 1,808,378 |

| <i>Prior Period</i> Country | RWAs of Banking Book for Private Sector Lending | RWAs of Trading Book | Total |
|-------------------------------------|--|-----------------------------|--------------|
| Turkey | 370,439,658 | 3,519,102 | 373,958,760 |
| Cayman Islands | 1,340,313 | - | 1,340,313 |
| Turkish Republic of Northern Cyprus | 1,319,169 | - | 1,319,169 |
| Malta | 307,525 | 163 | 307,688 |
| Switzerland | 11,121 | - | 11,121 |
| The Netherlands | 27,731 | 1,901 | 29,632 |
| United Kingdom | 1,384,536 | 137,160 | 1,521,696 |
| Macedonia | 176 | - | 176 |
| Romania | 207,996 | - | 207,996 |
| Others | 1,565,105 | 6,196 | 1,571,301 |

4.3 Currency risk

Foreign currency position limit is set in compliance with the legal standard ratio of net foreign currency position. As of 31 December 2022, the Bank's net 'on balance sheet' foreign currency short position amounts to TL 35,886,244 (31 December 2021: TL 73,355,612), net 'off-balance sheet' foreign currency long position amounts to TL 43,841,050 (31 December 2021: TL 89,098,603), while net foreign currency close position amounts to TL 7,954,806 (31 December 2021: TL 15,742,991).

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

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

| | EUR | USD |
|---|---------|---------|
| Foreign currency purchase rates at balance sheet date | 19.8710 | 18.5920 |
| <u>Exchange rates for the days before balance sheet date:</u> | | |
| Day 1 | 19.8710 | 18.5920 |
| Day 2 | 19.8470 | 18.6450 |
| Day 3 | 19.8250 | 18.6050 |
| Day 4 | 19.7700 | 18.6070 |
| Day 5 | 19.7230 | 18.5610 |

| | EUR | USD |
|--|---------|---------|
| Last 30-days arithmetical average rates | 19.6501 | 18.5508 |

The Bank's currency risk:

| <i>Current Period</i> | EUR | USD | Other FCs | Total |
|---|--------------------|---------------------|---------------------|---------------------|
| Assets | | | | |
| Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey | 37,965,804 | 65,360,116 | 25,362,132 | 128,688,052 |
| Banks | 5,157,602 | 13,426,991 | 3,910,447 | 22,495,040 |
| Financial Assets Measured at Fair Value through Profit/Loss | 106,063 | 1,150,601 | - | 1,256,664 |
| Money Market Placements | - | 35,013,551 | - | 35,013,551 |
| Financial Assets Measured at Fair Value through Other Comprehensive Income | 1,158,841 | 13,010,249 | - | 14,169,090 |
| Loans (*) | 82,143,872 | 90,592,565 | 2,390,464 | 175,126,901 |
| Investments in Associates, Subsidiaries and Joint-Ventures | 20,199,057 | - | - | 20,199,057 |
| Financial Assets Measured at Amortised Cost | 906,579 | 44,866,648 | - | 45,773,227 |
| Derivative Financial Assets Held for Hedging Purpose | 141,976 | 1,123,596 | - | 1,265,572 |
| Tangible Assets | - | 345 | - | 345 |
| Intangible Assets | - | - | - | - |
| Other Assets (**) | 1,288,504 | 7,499,290 | 115,625 | 8,903,419 |
| Total Assets | 149,068,298 | 272,043,952 | 31,778,668 | 452,890,918 |
| Liabilities | | | | |
| Bank Deposits | 79,282 | 83,856 | 1,571 | 164,709 |
| Foreign Currency Deposits | 111,387,743 | 194,516,927 | 13,348,611 | 319,253,281 |
| Money Market Funds | 1,441,387 | 14,830,442 | - | 16,271,829 |
| Other Fundings (***) | 12,297,168 | 53,489,122 | - | 65,786,290 |
| Securities Issued (****) | 897,520 | 25,684,184 | 186,016 | 26,767,720 |
| Miscellaneous Payables | 2,685,600 | 2,670,768 | 165,655 | 5,522,023 |
| Derivative Financial Liabilities Held for Hedging Purpose | - | - | - | - |
| Other Liabilities (*****) | 2,412,118 | 8,338,728 | 44,260,463 | 55,011,309 |
| Total Liabilities | 131,200,818 | 299,614,027 | 57,962,316 | 488,777,161 |
| Net 'On Balance Sheet' Position | 17,867,480 | (27,570,075) | (26,183,648) | (35,886,243) |
| Net 'Off-Balance Sheet' Position | (6,870,500) | 24,866,348 | 25,845,202 | 43,841,050 |
| Derivative Financial Assets | 59,056,229 | 132,684,593 | 27,972,123 | 219,712,945 |
| Derivative Financial Liabilities | 65,926,729 | 107,818,245 | 2,126,921 | 175,871,895 |
| Non-Cash Loans | - | - | - | - |
| Prior Period | | | | |
| Total Assets | 130,493,716 | 204,009,497 | 24,618,730 | 359,121,943 |
| Total Liabilities | 109,899,416 | 280,181,249 | 42,396,890 | 432,477,555 |
| Net 'On Balance Sheet' Position | 20,594,300 | (76,171,752) | (17,778,160) | (73,355,612) |
| Net 'Off-Balance Sheet' Position | (7,167,992) | 78,576,812 | 17,689,783 | 89,098,603 |
| Derivative Financial Assets | 13,009,374 | 123,709,598 | 19,170,123 | 155,889,095 |
| Derivative Financial Liabilities | 20,177,366 | 45,132,786 | 1,480,340 | 66,790,492 |
| Non-Cash Loans | - | - | - | - |

(*) The foreign currency-indexed loans amounting TL 192,816 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 31,788,046 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 43,932,884.

4.4 Interest rate risk

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

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

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

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

| <i>Current Period</i> | Up to 1 Month | 1-3 Months | 3-12 Months | 1-5 Years | 5 Years and Over | Non-Interest Bearing (*) | Total |
|---|--------------------------|-----------------------|------------------------|---------------------|-----------------------------|-------------------------------------|----------------------|
| Assets | | | | | | | |
| Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey | - | - | - | - | - | 137,893,408 | 137,893,408 |
| Banks | 3,729,942 | - | - | - | - | 19,376,488 | 23,106,430 |
| Financial Assets Measured at Fair Value through Profit/Loss | 226,162 | 551,511 | 358,636 | 699,724 | 86,265 | 543,134 | 2,465,432 |
| Money Market Placements | 62,562,196 | 2,399,733 | 4,698,501 | - | - | 72,599 | 69,733,029 |
| Financial Assets Measured at Fair Value through Other Comprehensive Income | 9,595,404 | 6,718,629 | 9,012,402 | 12,928,993 | 3,258,810 | 35,784,971 | 77,299,209 |
| Loans | 237,992,080 | 84,345,021 | 206,833,804 | 88,159,613 | 34,623,790 | 17,446,478 | 669,400,786 |
| Financial Assets Measured at Amortised Cost | 11,408,997 | 2,404,435 | 8,743,642 | 58,523,629 | 6,183,362 | 20,963,790 | 108,227,855 |
| Other Assets (**) | - | - | - | - | - | 64,045,488 | 64,045,488 |
| Total Assets | 325,514,781 | 96,419,329 | 229,646,985 | 160,311,959 | 44,152,227 | 296,126,356 | 1,152,171,637 |
| Liabilities | | | | | | | |
| Bank Deposits | 310,631 | 720 | - | - | - | 903,278 | 1,214,629 |
| Other Deposits | 244,284,934 | 124,705,057 | 26,470,350 | 215,273 | - | 393,773,715 | 789,449,329 |
| Money Market Funds | 13,123,344 | 2,627,498 | 557,760 | - | - | 12,237 | 16,320,839 |
| Miscellaneous Payables | - | - | - | - | - | 44,333,555 | 44,333,555 |
| Securities Issued (***) | 1,048,618 | 9,110,172 | 2,224,356 | 15,269,651 | - | 288,579 | 27,941,376 |
| Other Fundings | 26,759,607 | 3,215,770 | 10,335,519 | 207,996 | 26,226,035 | 49,174 | 66,794,101 |
| Other Liabilities | 31,076 | 73,567 | 215,723 | 732,328 | 139,358 | 204,925,756 | 206,117,808 |
| Total Liabilities | 285,558,210 | 139,732,784 | 39,803,708 | 16,425,248 | 26,365,393 | 644,286,294 | 1,152,171,637 |
| On Balance Sheet Long Position | 39,956,571 | - | 189,843,277 | 143,886,711 | 17,786,834 | - | 391,473,393 |
| On Balance Sheet Short Position | - | (43,313,455) | - | - | - | (348,159,938) | (391,473,393) |
| Off-Balance Sheet Long Position | 39,620,573 | 39,255,169 | 47,366,026 | 22,682,408 | 26,144,019 | - | 175,068,195 |
| Off-Balance Sheet Short Position | (21,184,769) | (35,467,398) | (43,374,139) | (48,352,408) | (27,727,859) | - | (176,106,573) |
| Total Position | 58,392,375 | (39,525,684) | 193,835,164 | 118,216,711 | 16,202,994 | (348,159,938) | (1,038,378) |

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

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

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

| <i>Prior Period</i> | Up to 1 Month | 1-3 Months | 3-12 Months | 1-5 Years | 5 Years and Over | Non-Interest Bearing (*) | Total |
|---|--------------------------|-----------------------|------------------------|---------------------|-----------------------------|-------------------------------------|----------------------|
| Assets | | | | | | | |
| Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey | 62,381,876 | - | - | - | - | 60,731,274 | 123,113,150 |
| Banks | 5,103,211 | - | - | - | - | 39,058,015 | 44,161,226 |
| Financial Assets at Fair Value through Profit/Loss | 132,474 | 232,409 | 4,917,776 | 302,606 | 118,969 | 565,929 | 6,270,163 |
| Money Market Placements | 30,474,000 | - | 2,964,470 | - | - | 12,689 | 33,451,159 |
| Financial Assets Measured at Fair Value through Other Comprehensive Income | 4,876,680 | 6,266,956 | 9,345,747 | 8,476,533 | 6,299,366 | 9,510,875 | 44,776,157 |
| Loans | 107,394,060 | 42,995,992 | 135,826,676 | 99,557,573 | 27,803,886 | 11,276,413 | 424,854,600 |
| Financial Assets Measured at Amortised Cost | 4,601,335 | 2,134,135 | 7,586,445 | 13,109,083 | 6,036,618 | 8,557,708 | 42,025,324 |
| Other Assets (**) | - | - | - | - | - | 40,228,373 | 40,228,373 |
| Total Assets | 214,963,636 | 51,629,492 | 160,641,114 | 121,445,795 | 40,258,839 | 169,941,276 | 758,880,152 |
| Liabilities | | | | | | | |
| Bank Deposits | 360,606 | 848 | - | - | - | 1,768,666 | 2,130,120 |
| Other Deposits | 200,859,745 | 37,650,562 | 10,996,526 | 188,417 | - | 261,414,187 | 511,109,437 |
| Money Market Funds | 9,604,374 | 22 | - | - | - | 25,202 | 9,629,598 |
| Miscellaneous Payables | - | - | - | - | - | 25,311,771 | 25,311,771 |
| Securities Issued (***) | 1,466,754 | 2,884,104 | 10,216,593 | 7,720,972 | 10,115,457 | 350,610 | 32,754,490 |
| Other Fundings | 10,714,063 | 13,206,861 | 13,580,648 | 7,185,849 | 16,119,530 | 42,124 | 60,849,075 |
| Other Liabilities | 17,846 | 49,413 | 142,856 | 526,220 | 121,000 | 116,238,326 | 117,095,661 |
| Total Liabilities | 223,023,388 | 53,791,810 | 34,936,623 | 15,621,458 | 26,355,987 | 405,150,886 | 758,880,152 |
| On Balance Sheet Long Position | - | - | 125,704,491 | 105,824,337 | 13,902,852 | - | 245,431,680 |
| On Balance Sheet Short Position | (8,059,752) | (2,162,318) | - | - | - | (235,209,610) | (245,431,680) |
| Off-Balance Sheet Long Position | 25,270,785 | 39,232,653 | 9,641,532 | 12,843,398 | 15,889,481 | - | 102,877,849 |
| Off-Balance Sheet Short Position | (8,096,667) | (30,163,619) | (16,389,578) | (26,841,713) | (21,505,045) | - | (102,996,622) |
| Total Position | 9,114,366 | 6,906,716 | 118,956,445 | 91,826,022 | 8,287,288 | (235,209,610) | (118,773) |

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

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

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

4.4.2 Average interest rates on monetary financial instruments (%)

| <i>Current Period</i> | EUR | USD | JPY | TL |
|---|------------|------------|------------|-----------|
| Assets | | | | |
| Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey | (0.56) | (0.50) | - | - |
| Banks | 0.75 | 1.50 | - | 14.75 |
| Financial Assets Measured at Fair Value through Profit/Loss | 4.45 | 7.49 | - | 12.61 |
| Money Market Placements | - | 3.96 | - | 10.25 |
| Financial Assets Measured at Fair Value through Other Comprehensive Income | 4.71 | 6.32 | - | 34.16 |
| Loans | 5.77 | 8.33 | - | 22.46 |
| Financial Assets Measured at Amortised Cost | 4.39 | 5.96 | - | 23.49 |
| Liabilities | | | | |
| Bank Deposits | 1.90 | - | - | 7.78 |
| Other Deposits | 0.19 | 0.33 | - | 11.43 |
| Money Market Funds | 1.25 | 3.54 | - | 4.71 |
| Miscellaneous Payables | - | - | - | - |
| Securities Issued | 5.27 | 6.62 | - | 13.77 |
| Other Fundings | 3.75 | 6.28 | - | 19.00 |

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

4.5 Position risk of equity securities

4.5.1 Equity shares in associates and subsidiaries

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

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

| <i>Current Period</i> | | Comparison | | |
|-----------------------------------|--------------------------------------|-----------------------|---------------------------------|---------------------|
| Equity Securities (shares) | | Carrying Value | Fair Value^(*) | Market Value |
| 1 | Investment in Shares- Grade A | 29,797,314 | 29,797,314 | 1,136,215 |
| | Quoted Securities | 519,602 | 519,602 | 1,136,215 |
| 2 | Investment in Shares- Grade B | 295,507 | 295,507 | 832,213 |
| | Quoted Securities | 270,066 | 270,066 | 832,213 |
| 3 | Investment in Shares- Grade C | 306,323 | 306,323 | - |
| | Quoted Securities | - | - | - |
| 4 | Investment in Shares- Grade D | 62,250 | 62,250 | - |
| | Quoted Securities | - | - | - |
| 5 | Investment in Shares- Grade E | 1,014 | 1,014 | - |
| | Quoted Securities | - | - | - |
| 6 | Investment in Shares- Grade F | 48 | 48 | - |
| | Quoted Securities | - | - | - |

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

| <i>Prior Period</i> | | Comparison | | |
|-----------------------------------|--------------------------------------|-----------------------|---------------------------------|---------------------|
| Equity Securities (shares) | | Carrying Value | Fair Value^(*) | Market Value |
| 1 | Investment in Shares- Grade A | 19,259,928 | 19,259,928 | 573,064 |
| | Quoted Securities | 254,781 | 254,781 | 573,064 |
| 2 | Investment in Shares- Grade B | 160,378 | 160,378 | 425,105 |
| | Quoted Securities | 134,937 | 134,937 | 425,105 |
| 3 | Investment in Shares- Grade C | 418,132 | 418,132 | - |
| | Quoted Securities | - | - | - |
| 4 | Investment in Shares- Grade D | - | - | - |
| | Quoted Securities | - | - | - |
| 5 | Investment in Shares- Grade E | 1,014 | 1,014 | - |
| | Quoted Securities | - | - | - |
| 6 | Investment in Shares- Grade F | 48 | 48 | - |
| | Quoted Securities | - | - | - |

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

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

| <i>Current Period</i> | | Gains/Losses in Current Period | Revaluation Surpluses | | Unrealised Gains and Losses | |
|-----------------------|----------------------------|--------------------------------------|-----------------------|--|-----------------------------|--|
| Portfolio | | | Total | Amount in Tier I Capital ^(*) | Total | Amount in Tier I Capital ^(*) |
| 1 | Private Equity Investments | - | - | - | - | - |
| 2 | Quoted Shares | - | 696,477 | 696,477 | - | - |
| 3 | Other Shares | - | 17,867,288 | 17,867,288 | - | - |
| Total | | - | 18,563,765 | 18,563,765 | - | - |

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

| <i>Prior Period</i> | | Gains/Losses in Current Period | Revaluation Surpluses | | Unrealised Gains and Losses | |
|---------------------|----------------------------|--------------------------------------|-----------------------|--|-----------------------------|--|
| Portfolio | | | Total | Amount in Tier I Capital ^(*) | Total | Amount in Tier I Capital ^(*) |
| 1 | Private Equity Investments | - | - | - | - | - |
| 2 | Quoted Shares | - | 297,386 | 297,386 | - | - |
| 3 | Other Shares | - | 10,513,250 | 10,513,250 | - | - |
| Total | | - | 10,810,636 | 10,810,636 | - | - |

(*) 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 | 566,300 | 566,300 | 45,304 |
| 3 | Other Shares | 28,529,180 | 23,665,894 | 1,893,272 |
| Total | | 29,095,480 | 24,232,194 | 1,938,576 |

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

4.6 Liquidity risk management and liquidity coverage ratio

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

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

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

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

Head of Risk management defines the Bank's liquidity risk, measures and monitors the risks with liquidity risk measurement methods that are in compliance with international standards, presents measurement results periodically to related departments, committees and senior management. Head of Risk management coordinates related parties in order to ensure compliance of risk management process in accordance with the Bank's risk profile, operation environment and strategic plan with regulations. Head of Risk management analyses, develops and revises relevant liquidity risk measurement in accordance with changing market conditions and the Bank's structure. Head of Risk Management department reviews assumptions and parameters used in liquidity risk analysis.

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

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

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

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

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

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

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

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

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

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

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

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

During 2022, The Bank turned to sticky consumer deposits to increase of weights Consumer/SME deposits in TL deposits which significantly contributes to liquidity metrics such as the internal stress test.

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

4.6.1 Liquidity coverage ratio

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

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

High quality liquid assets consist of cash, deposits in central banks and securities considered as high quality liquid assets. Reserve deposits are included in high quality liquid assets, limited by the amount that is allowed by central bank to use in liquidity shortages. The Bank’s high quality liquid assets are composed of 6.38% cash, 46.75% deposits in central banks and 46.87% 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 83.57% deposits, 8.79% funds borrowed and money market borrowings, 2.95% securities issued and 4.69% other liabilities.

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

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

| <i>Current Period</i> | | Total Unweighted Value (Average) (*) | | Total Weighted Value (Average) (*) | |
|-----------------------------------|--|---|--------------------|---|--------------------|
| | | TL+FC | FC | TL+FC | FC |
| High-Quality Liquid Assets | | | | 321,276,107 | 167,583,142 |
| 1 | Total high-quality liquid assets (HQLA) | 321,276,107 | 167,583,142 | 321,276,107 | 167,583,142 |
| Cash Outflows | | | | | |
| 2 | Retail deposits and deposits from small business customers, of which: | 531,204,422 | 283,038,251 | 49,224,479 | 28,303,825 |
| 3 | Stable deposits | 77,919,262 | - | 3,895,963 | - |
| 4 | Less stable deposits | 453,285,160 | 283,038,251 | 45,328,516 | 28,303,825 |
| 5 | Unsecured wholesale funding, of which: | 227,718,928 | 118,107,419 | 112,310,545 | 55,955,849 |
| 6 | Operational deposits | - | - | - | - |
| 7 | Non-operational deposits | 186,617,298 | 110,212,574 | 84,259,619 | 48,221,135 |
| 8 | Unsecured funding | 41,101,630 | 7,894,845 | 28,050,926 | 7,734,714 |
| 9 | Secured wholesale funding | | | - | - |
| 10 | Other cash outflows of which: | 391,963,408 | 109,720,619 | 52,701,254 | 40,872,130 |
| 11 | Outflows related to derivative exposures and other collateral requirements | 17,564,229 | 28,384,076 | 17,564,229 | 28,384,076 |
| 12 | Outflows related to restructured financial instruments | - | - | - | - |
| 13 | Payment commitments and other off-balance sheet commitments granted for debts to financial markets | 374,399,179 | 81,336,543 | 35,137,025 | 12,488,054 |
| 14 | Other revocable off-balance sheet commitments and contractual obligations | 5,143 | 5,143 | 256 | 256 |
| 15 | Other irrevocable or conditionally revocable off-balance sheet obligations | 33,441,279 | 31,880,508 | 1,672,064 | 1,594,025 |
| 16 | Total Cash Outflows | | | 215,908,598 | 126,726,085 |
| Cash Inflows | | | | | |
| 17 | Secured receivables | - | - | - | - |
| 18 | Unsecured receivables | 86,528,655 | 28,866,240 | 60,240,928 | 24,203,450 |
| 19 | Other cash inflows | 1,709,840 | 98,395,825 | 1,709,840 | 98,395,825 |
| 20 | Total Cash Inflows | 88,238,495 | 127,262,065 | 61,950,768 | 122,599,275 |
| 21 | Total HQLA | | | 321,276,107 | 167,583,142 |
| 22 | Total Net Cash Outflows | | | 153,957,831 | 31,681,522 |
| 23 | Liquidity Coverage Ratio (%) | | | 209.24 | 529.95 |

(*) 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 2022:

| <i>Current Period</i> | Highest | Date | Lowest | Date | Average |
|-----------------------|----------------|-------------|---------------|-------------|----------------|
| TL+FC | 242.82 | 30.09.2022 | 193.35 | 20.10.2022 | 209.24 |
| FC | 639.86 | 11.10.2022 | 434.00 | 15.12.2022 | 529.95 |

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

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

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

| <i>Prior Period</i> | Highest | Date | Lowest | Date | Average |
|---------------------|----------------|-------------|---------------|-------------|----------------|
| TL+FC | 260.13 | 16.12.2021 | 169.14 | 17.11.2021 | 194.66 |
| FC | 463.70 | 23.10.2021 | 339.05 | 29.10.2021 | 412.90 |

4.6.2 Contractual maturity analysis of liabilities according to remaining maturities

Contractual maturity analysis of liabilities according to remaining maturities shows the undiscounted principal and interest cash outflows of the Bank's financial liabilities as per their earliest likely contractual maturities.

| <i>Current Period</i> | Carrying Value | Total Casflow | Demand | Up to 1 Month | 1-3 Months | 3-12 Months | 1-5 Years | 5 Years and Over |
|--------------------------------|-----------------------|----------------------|--------------------|----------------------|--------------------|--------------------|-------------------|-------------------------|
| Bank Deposits | 1,214,629 | 1,211,345 | 899,755 | 310,861 | 729 | - | - | - |
| Other Deposits | 789,449,329 | 795,104,792 | 386,242,820 | 72,567,962 | 280,208,216 | 44,724,375 | 11,348,841 | 12,578 |
| Other Fundings | 66,794,101 | 90,011,307 | - | 2,147,033 | 2,296,644 | 26,317,506 | 18,506,756 | 40,743,368 |
| Interbank Money Market Takings | 16,320,839 | 16,343,213 | - | 13,090,279 | 2,672,802 | 580,132 | - | - |
| Securities Issued(*) | 27,941,376 | 33,717,854 | - | 815,553 | 8,635,872 | 2,146,738 | 20,841,908 | 1,277,783 |
| Lease payables (net) | 1,192,052 | 1,729,868 | - | 45,324 | 105,867 | 313,325 | 1,063,555 | 201,797 |
| Total | 902,912,326 | 938,118,379 | 387,142,575 | 88,977,012 | 293,920,130 | 74,082,076 | 51,761,060 | 42,235,526 |

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

| <i>Prior Period</i> | Carrying Value | Total Casflow | Demand | Up to 1 Month | 1-3 Months | 3-12 Months | 1-5 Years | 5 Years and Over |
|--------------------------------|-----------------------|----------------------|--------------------|----------------------|--------------------|--------------------|-------------------|-------------------------|
| Bank Deposits | 2,130,120 | 2,130,648 | 1,767,812 | 289,757 | 73,079 | - | - | - |
| Other Deposits | 511,109,437 | 513,027,363 | 258,696,242 | 54,134,743 | 168,273,775 | 17,823,779 | 14,085,478 | 13,346 |
| Other Fundings | 60,849,075 | 71,820,878 | - | 1,543,098 | 1,399,336 | 28,601,262 | 15,042,256 | 25,234,926 |
| Interbank Money Market Takings | 9,629,598 | 9,643,537 | - | 9,643,500 | 37 | - | - | - |
| Securities Issued(*) | 32,754,490 | 38,713,694 | - | 1,089,589 | 2,762,781 | 10,621,983 | 12,235,528 | 12,003,813 |
| Lease payables (net) | 856,100 | 1,272,047 | - | 24,416 | 71,771 | 209,789 | 781,454 | 184,617 |
| Total | 617,328,820 | 636,608,167 | 260,464,054 | 66,725,103 | 172,580,779 | 57,256,813 | 42,144,716 | 37,436,702 |

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

4.6.3 Maturity analysis of assets and liabilities according to remaining maturities:

| | Demand | Up to 1 Month | 1-3 Months | 3-12 Months | 1-5 Years | 5 Years and Over | Undistributed | Total |
|---|----------------------|---------------------|---------------------|--------------------|--------------------|-------------------|----------------------|----------------------|
| Current Period | | | | | | | | |
| Assets | | | | | | | | |
| Cash (Cash on Hand, Money in Transit, Purchased Cheques) and Balances with the Central Bank of Turkey | 65,359,062 | 72,534,346 | - | - | - | - | - | 137,893,408 |
| Banks | 19,375,969 | 3,730,461 | - | - | - | - | - | 23,106,430 |
| Financial Assets Measured at Fair Value through Profit/Loss | 452,585 | 97,326 | 47,724 | 595,913 | 1,003,791 | 268,093 | - | 2,465,432 |
| Money Market Placements | - | 62,611,454 | 2,409,017 | 4,712,558 | - | - | - | 69,733,029 |
| Financial Assets Measured at Fair Value through Other Comprehensive Income | 981,712 | 2,318,291 | 1,262,853 | 15,302,518 | 34,682,245 | 22,751,590 | - | 77,299,209 |
| Loans | 737,981 | 113,145,855 | 102,923,944 | 236,121,085 | 146,638,115 | 40,548,477 | 29,285,329 | 669,400,786 |
| Financial Assets Measured at Amortised Cost | - | 174,069 | 213,127 | 8,186,408 | 80,862,443 | 18,791,808 | - | 108,227,855 |
| Other Assets (*) | 17,774,052 | 4,942,731 | 1,069,004 | 1,292,650 | 3,777,417 | 2,847,274 | 32,342,360 | 64,045,488 |
| Total Assets | 104,681,361 | 259,554,533 | 107,925,669 | 266,211,132 | 266,964,011 | 85,207,242 | 61,627,689 | 1,152,171,637 |
| Liabilities | | | | | | | | |
| Bank Deposits | 903,165 | 310,744 | 720 | - | - | - | - | 1,214,629 |
| Other Deposits | 386,239,411 | 248,722,109 | 126,844,532 | 27,389,895 | 247,336 | 6,046 | - | 789,449,329 |
| Other Fundings | - | 1,768,647 | 1,839,149 | 23,947,432 | 10,014,870 | 29,224,003 | - | 66,794,101 |
| Money Market Funds | - | 13,128,747 | 2,631,958 | 560,134 | - | - | - | 16,320,839 |
| Securities Issued (**) | - | 804,523 | 8,502,562 | 834,427 | 16,777,881 | 1,021,983 | - | 27,941,376 |
| Miscellaneous Payables | 44,333,550 | 5 | - | - | - | - | - | 44,333,555 |
| Other Liabilities (***) | 11,238,591 | 2,241,938 | 3,036,418 | 1,255,929 | 4,040,759 | 4,240,831 | 180,063,342 | 206,117,808 |
| Total Liabilities | 442,714,717 | 266,976,713 | 142,855,339 | 53,987,817 | 31,080,846 | 34,492,863 | 180,063,342 | 1,152,171,637 |
| Liquidity Gap | (338,033,356) | (7,422,180) | (34,929,670) | 212,223,315 | 235,883,165 | 50,714,379 | (118,435,653) | - |
| Net Off-Balance Sheet Position | - | 451,834 | 1,190,221 | 1,996,318 | (1,290,147) | 155,850 | - | 2,504,076 |
| Derivative Financial Assets | - | 215,295,394 | 83,297,106 | 24,419,487 | 14,606,131 | 2,357,703 | - | 339,975,821 |
| Derivative Financial Liabilities | - | 214,843,560 | 82,106,885 | 22,423,169 | 15,896,278 | 2,201,853 | - | 337,471,745 |
| Non-Cash Loans | - | 22,049,703 | 6,417,948 | 5,848,138 | 692,082 | - | 420,309,033 | 455,316,904 |
| Prior Period | | | | | | | | |
| Total Assets | 117,184,344 | 167,026,522 | 58,632,553 | 136,388,923 | 185,982,807 | 63,989,378 | 29,675,625 | 758,880,152 |
| Total Liabilities | 291,275,637 | 216,720,542 | 45,291,430 | 50,041,507 | 23,863,012 | 35,735,768 | 95,952,256 | 758,880,152 |
| Liquidity Gap | (174,091,293) | (49,694,020) | 13,341,123 | 86,347,416 | 162,119,795 | 28,253,610 | (66,276,631) | - |
| Net Off-Balance Sheet Position | - | 7,625,945 | 1,359,327 | 619,182 | 369,215 | (574,808) | - | 9,398,861 |
| Derivative Financial Assets | - | 130,289,455 | 35,528,824 | 15,339,959 | 10,528,964 | 1,885,232 | - | 193,572,434 |
| Derivative Financial Liabilities | - | 122,663,510 | 34,169,497 | 14,720,777 | 10,159,749 | 2,460,040 | - | 184,173,573 |
| Non-Cash Loans | - | 22,324,223 | 6,142,264 | 3,841,840 | 362,718 | - | 228,057,449 | 260,728,494 |

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

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

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

4.7 Leverage ratio

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

The Bank’s leverage ratio calculated by taking average of end of month leverage ratios for the last three-month periods is 9.20% (31 December 2021: 7.73%). While the capital increased by 90.18% mainly as a result of increase in net profits, total risk amount increased by 58.75%. Therefore, the current period leverage ratio increased by 147 basis points compared to prior period.

| On-balance sheet assets | | <i>Current Period</i> (*) | <i>Prior Period</i> (*) |
|--|---|---------------------------|-------------------------|
| 1 | On-balance sheet items (excluding derivative financial instruments and credit derivatives but including collateral) | 1,064,125,609 | 698,090,458 |
| 2 | (Assets deducted in determining Tier I capital) | (1,028,742) | (752,986) |
| 3 | Total on-balance sheet risks (sum of lines 1 and 2) | 1,063,096,867 | 697,337,472 |
| Derivative financial instruments and credit derivatives | | | |
| 4 | Replacement cost associated with all derivative instruments and credit derivatives | 8,887,916 | 18,399,337 |
| 5 | Add-on amounts for PFE associated with all derivative instruments and credit derivatives | 38,759,185 | 31,600,220 |
| 6 | Total risks of derivative financial instruments and credit derivatives (sum of lines 4 to 5) | 47,647,101 | 49,999,557 |
| Securities or commodity financing transactions (SCFT) | | | |
| 7 | Risks from SCFT assets (excluding on-balance sheet) | 7,008,977 | 1,786,927 |
| 8 | Risks from brokerage activities related exposures | - | - |
| 9 | Total risks related with securities or commodity financing transactions (sum of lines 7 to 8) | 7,008,977 | 1,786,927 |
| Other off-balance sheet transactions | | | |
| 10 | Gross notional amounts of off-balance sheet transactions | 447,355,081 | 241,207,090 |
| 11 | (Adjustments for conversion to credit equivalent amounts) | (2,124,372) | (5,744,892) |
| 12 | Total risks of off-balance sheet items (sum of lines 10 and 11) | 445,230,709 | 235,462,198 |
| Capital and total risks | | | |
| 13 | Tier I capital | 143,762,775 | 75,592,095 |
| 14 | Total risks (sum of lines 3, 6, 9 and 12) | 1,562,983,654 | 984,586,154 |
| Leverage ratio | | | |
| 15 | Leverage ratio | 9.20 | 7.73 |

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

4.8 Fair values of financial assets and liabilities

| | Carrying Value | | Fair Value | |
|--|----------------------|--------------------|----------------------|--------------------|
| | Current Period | Prior Period | Current Period | Current Period |
| Financial Assets | 1,064,248,411 | 698,238,525 | 1,075,374,022 | 690,583,786 |
| Interbank Money Market Placements | 69,733,029 | 33,451,159 | 69,790,773 | 33,448,076 |
| Banks (*) | 137,122,100 | 146,861,122 | 137,282,399 | 146,825,433 |
| Financial Assets Measured at Fair Value Through Profit/Loss | 2,465,432 | 6,270,163 | 2,465,432 | 6,270,163 |
| Financial Assets Measured at Fair Value through Other Comprehensive Income | 77,299,209 | 44,776,157 | 77,299,209 | 44,776,157 |
| Financial Assets Measured at Amortised Cost | 108,227,855 | 42,025,324 | 119,523,268 | 42,756,554 |
| Loans | 669,400,786 | 424,854,600 | 669,012,941 | 416,507,403 |
| Financial Liabilities | 961,399,810 | 649,382,834 | 959,122,891 | 647,499,863 |
| Bank Deposits | 1,214,629 | 2,130,120 | 1,199,306 | 2,131,756 |
| Other Deposits | 789,449,329 | 511,109,437 | 788,306,195 | 509,389,858 |
| Other Fundings from Financial Institutions | 35,006,055 | 36,813,239 | 34,696,201 | 36,843,729 |
| Financial Liabilities Measured at Fair Value Through Profit/Loss | 31,788,046 | 24,035,836 | 31,788,046 | 24,035,836 |
| Money market funds | 16,320,839 | 9,629,598 | 16,356,179 | 9,630,236 |
| Securities Issued (**) | 27,941,376 | 32,754,490 | 27,097,428 | 32,558,334 |
| Other Liabilities | 59,679,536 | 32,910,114 | 59,679,536 | 32,910,114 |

(*) Including the balances at the Central Bank of Turkey

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

The estimated fair value of banks, other fundings from Financial institutions, securities issued and deposits is calculated by finding discounted cash flows using current market interest rates.

Fair value of financial assets measured at fair value through other comprehensive income and financial assets measured at amortised cost are derived from market prices or in case of absence of such prices, market prices of other securities quoted in similar qualified markets and having substantially similar characteristics in terms of interest, maturity and other conditions.

Fair values of loans are calculated discounting future cash flows at current market interest rates.

The aggregate fair value of securities issued is calculated based on quoted market prices and, where market prices are not available, a discounted cash flow model based on the current yield to maturity is used.

Fair values of other financial assets and liabilities are measured at amortised cost of financial assets or liabilities calculating by effective interest method.

The table below analyses financial instruments carried at fair value, by valuation method:

| <i>Current Period</i> | Level 1 | Level 2 | Level 3 | Total |
|--|-------------------|-------------------|-------------------|-------------------|
| Financial Assets Measured at Fair Value through Other Comprehensive Income | 37,009,432 | 40,267,092 | 22,685 | 77,299,209 |
| Financial Assets Measured at Fair Value through Profit/Loss | 1,794,503 | 543,074 | 127,855 | 2,465,432 |
| Derivative Financial Assets Held for Trading | - | 8,820,932 | 129,821 | 8,950,753 |
| Derivative Financial Assets Held for Hedging Purpose | - | 1,444,466 | - | 1,444,466 |
| Financial Assets at Fair Value | 38,803,935 | 51,075,564 | 280,361 | 90,159,860 |
| Derivative Financial Liabilities Held for Trading | - | 8,860,356 | 2,008,890 | 10,869,246 |
| Funds Borrowed (*) | - | - | 31,788,046 | 31,788,046 |
| Derivative Financial Liabilities Held for Hedging Purpose | - | 21,111 | - | 21,111 |
| Financial Liabilities at Fair Value | - | 8,881,467 | 33,796,936 | 42,678,403 |

(*) Funds borrowed includes financial liabilities measured at fair value through profit/loss.

| <i>Prior Period</i> | Level 1 | Level 2 | Level 3 | Total |
|--|-------------------|-------------------|-------------------|-------------------|
| Financial Assets Measured at Fair Value through Other Comprehensive Income | 36,088,768 | 8,670,439 | 16,950 | 44,776,157 |
| Financial Assets Measured at Fair Value through Profit/Loss | 1,210,682 | 474,999 | 4,584,482 | 6,270,163 |
| Derivative Financial Assets Held for Trading | - | 16,670,384 | - | 16,670,384 |
| Derivative Financial Assets Held for Hedging Purpose | - | 854,668 | - | 854,668 |
| Financial Assets at Fair Value | 37,299,450 | 26,670,490 | 4,601,432 | 68,571,372 |
| Derivative Financial Liabilities Held for Trading | 933 | 8,708,915 | 3,588,682 | 12,298,530 |
| Funds Borrowed (*) | - | - | 24,035,836 | 24,035,836 |
| Derivative Financial Liabilities Held for Hedging Purpose | - | 664,216 | - | 664,216 |
| Financial Liabilities at Fair Value | 933 | 9,373,131 | 27,624,518 | 36,998,582 |

(*) Funds borrowed includes financial liabilities measured at fair value through profit/loss.

Level 1 : Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 : Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The movement of financial assets in Level 3 is presented below.

| | <i>Current Period</i> | <i>Prior Period</i> |
|--|-----------------------|---------------------|
| Balances at Beginning of Period | 4,601,432 | 4,738,491 |
| Purchases during the Period | 15,009 | 260,585 |
| Disposals through Sale/Redemptions | (4,750,411) | (123,187) |
| Valuation Effect | 7,722,137 | (274,457) |
| Transfers | 58,884 | - |
| Written down / Written off (*) | (7,366,690) | - |
| Balances at End of Period | 280,361 | 4,601,432 |

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

Based on TFRS 9, in order to eliminate the accounting mismatch, the securitized borrowings are measured at fair value and it is used the values of the Turkish Republic's credit default swap (CDS) and Eurobonds together with the Z-spread of the Turkish Republic (TC) and the Bank. The credit default swap (CDS) level is determined based on the remaining maturity.

Regarding valuation of the related securitization transactions, it is determined a reference level which indicates the correlation among the transaction spread at inception date with either of the followings: TC CDS, TC eurobonds, and Z-spreads of the Bank and TC and considered the impact of daily changes in relevant parameters with variation in reference level. Therefore, the fair value of both the securitization transactions and the corresponding Total Return Swap (TRS) transactions are determined as Level 3.

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 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.

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.

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

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

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

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

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

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

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

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

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

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

4.10.1.2 Risk weighted amounts

| | | Risk Weighted Amounts | | Minimum Capital Requirements |
|----|---|-----------------------|--------------------|------------------------------------|
| | | Current Period | Prior Period | Current Period |
| 1 | Credit risk (excluding counterparty credit risk) (CCR) (*) | 715,364,760 | 421,641,873 | 57,229,181 |
| 2 | Of which standardised approach (SA) | 715,364,760 | 421,641,873 | 57,229,181 |
| 3 | Of which internal rating-based (IRB) approach | - | - | - |
| 4 | Counterparty credit risk | 21,536,626 | 26,456,956 | 1,722,930 |
| 5 | Of which standardised approach for counterparty credit risk (SA-CCR) | 21,536,626 | 26,456,956 | 1,722,930 |
| 6 | Of which internal model method (IMM) | - | - | - |
| 7 | Equity position in banking book under basic risk weighting or internal rating-based | - | - | - |
| 8 | Equity investments in funds – look-through approach | - | - | - |
| 9 | Equity investments in funds – mandate-based approach | - | - | - |
| 10 | Equity investments in funds – 1250% risk weighting approach | - | - | - |
| 11 | Settlement risk | - | - | - |
| 12 | Securitisation exposures in banking book | - | - | - |
| 13 | Of which IRB ratings-based approach (RBA) | - | - | - |
| 14 | Of which IRB supervisory formula approach (SFA) | - | - | - |
| 15 | Of which SA/simplified supervisory formula approach (SSFA) | - | - | - |
| 16 | Market risk | 39,757,953 | 29,764,447 | 3,180,636 |
| 17 | Of which standardised approach (SA) | 39,757,953 | 29,764,447 | 3,180,636 |
| 18 | Of which internal model approaches (IMM) | - | - | - |
| 19 | Operational risk | 62,279,426 | 47,841,850 | 4,982,354 |
| 20 | Of which basic indicator approach | 62,279,426 | 47,841,850 | 4,982,354 |
| 21 | Of which standardised approach | - | - | - |
| 22 | Of which advanced measurement approach | - | - | - |
| 23 | Amounts below the thresholds for deduction from capital (subject to 250% risk weight) | - | - | - |
| 24 | Floor adjustment | - | - | - |
| 25 | Total (1+4+7+8+9+10+11+12+16+19+23+24) | 838,938,765 | 525,705,126 | 67,115,101 |

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

4.10.2 Linkages between financial statements and risk amounts

4.10.2.1 Differences and matching between asset and liabilities' carrying values in financial statements and risk amounts in capital adequacy calculation

| Current Period | Carrying values in financial statements prepared as per TAS | Carrying values of items in accordance with Turkish Accounting Standards | | | | |
|--|---|--|-------------------------------------|---------------------------------------|--------------------------------|-------------------------------------|
| | | Subject to credit risk | Subject to counterparty credit risk | Subject to market risk ^(*) | Subject to capital calculation | Not subject to capital requirements |
| Assets | 319,991,406 | 300,005,502 | 13,727,590 | 8,886,034 | (901,321) | - |
| Cash and cash equivalents | 229,831,546 | 222,570,602 | - | - | (901,321) | - |
| Financial assets measured at fair value through profit/loss (FVTPL) | 2,465,432 | 126,205 | - | 2,339,227 | - | - |
| Financial assets measured at fair value through other comprehensive income (FVOCI) | 77,299,209 | 77,299,208 | 3,341,855 | - | - | - |
| Derivative financial assets | 10,395,219 | 9,487 | 10,385,735 | 6,546,807 | - | - |
| Loans (net) | 740,589,297 | 765,129,091 | 472,192 | - | (24,317,063) | (4,434) |
| Loans | 669,400,786 | 669,614,981 | - | - | 29 | (4,434) |
| Lease receivables | - | - | - | - | - | - |
| Non performing receivables | 108,227,855 | 108,227,855 | 472,192 | - | - | - |
| Expected credit losses (-) | 37,039,344 | 12,713,745 | - | - | 24,317,092 | - |
| Assets held for sale and assets of discontinued operations (net) | 767,582 | 767,582 | - | - | - | - |
| Ownership investments (net) | 29,095,480 | 29,095,480 | - | - | - | - |
| Tangible assets (net) | 9,969,267 | 9,860,238 | - | - | 109,029 | - |
| Intangible assets (net) | 1,023,989 | 46,151 | - | - | 977,838 | - |
| Investment property (net) | 1,815,310 | 1,815,310 | - | - | - | - |
| Current tax asset | - | - | - | - | - | - |
| Deferred tax asset | 6,769,614 | 6,769,614 | - | - | - | - |
| Other assets | 42,149,692 | 41,660,003 | - | - | (5,861) | 495,550 |
| Total assets | 1,152,171,637 | 1,155,148,971 | 14,199,782 | 8,886,034 | (24,137,378) | 491,116 |
| Liabilities | | | | | | |
| Deposits | 790,663,958 | - | - | - | - | 790,663,958 |
| Funds borrowed | 35,006,055 | - | 1,408,215 | - | - | 33,597,840 |
| Money market funds | 16,320,839 | - | 16,320,839 | - | - | - |
| Securities issued (net) | 12,872,533 | - | - | - | - | 12,872,533 |
| Funds | - | - | - | - | - | - |
| Financial liabilities measured at fvtpl | 31,788,046 | - | - | - | - | 31,788,046 |
| Derivative financial liabilities | 10,890,357 | - | - | - | - | 10,890,357 |
| Factoring payables | - | - | - | - | - | - |
| Lease payables (net) | 1,192,052 | - | - | - | - | 1,192,052 |
| Provisions | 18,517,535 | 1,771,223 | - | - | 3,953,694 | 12,792,618 |
| Current tax liability | 7,486,390 | - | - | - | - | 7,486,390 |
| Deferred tax liability | - | - | - | - | - | - |
| Liabilities for assets held for sale and assets of discontinued operations (net) | - | - | - | - | - | - |
| Subordinated debts | 15,068,843 | - | - | - | 12,158,080 | 2,910,763 |
| Other liabilities | 59,679,536 | - | - | 83,257 | - | 59,596,279 |
| Shareholders' equity | 152,685,493 | - | - | - | 151,497,507 | 1,187,986 |
| Total liabilities | 1,152,171,637 | 1,771,223 | 17,729,054 | 83,257 | 167,609,281 | 964,978,822 |

^(*) Disclosed based on gross position amounts subject to general market risk and specific risk.

| <i>Prior Period</i> | <i>Carrying values in financial statements prepared as per TAS</i> | <i>Carrying values of items in accordance with Turkish Accounting Standards</i> | | | | <i>Not subject to capital requirements</i> |
|--|--|---|--|---------------------------------------|---|--|
| | | <i>Subject to credit risk</i> | <i>Subject to counterparty credit risk</i> | <i>Subject to market risk (*)</i> | <i>Subject to capital calculation</i> | |
| Assets | 269,059,876 | 250,085,331 | 26,568,945 | 7,681,856 | (237,031) | - |
| Cash and cash equivalents | 200,488,504 | 200,725,535 | - | - | (237,031) | - |
| Financial assets measured at fair value through profit/loss (FVTPL) | 6,270,163 | 4,583,639 | - | 1,686,524 | - | - |
| Financial assets measured at fair value through other comprehensive income (FVOCI) | 44,776,157 | 44,776,157 | 9,043,893 | - | - | - |
| Derivative financial assets | 17,525,052 | - | 17,525,052 | 5,995,332 | - | - |
| Loans (net) | 440,083,731 | 456,589,717 | 4,428,007 | - | (16,179,215) | (28,296) |
| Loans | 424,854,600 | 425,178,462 | - | - | 2,909 | (28,296) |
| Lease receivables | - | - | - | - | - | - |
| Non performing receivables | 42,025,324 | 42,025,324 | 4,428,007 | - | - | - |
| Expected credit losses (-) | 26,796,193 | 10,614,069 | - | - | 16,182,124 | - |
| Assets held for sale and assets of discontinued operations (net) | 532,647 | 532,647 | - | - | - | - |
| Ownership investments (net) | 19,970,155 | 19,970,155 | - | - | - | - |
| Tangible assets (net) | 5,194,941 | 5,100,343 | - | - | 94,600 | - |
| Intangible assets (net) | 771,668 | 23,245 | - | - | 748,423 | - |
| Investment property (net) | 814,148 | 814,148 | - | - | - | - |
| Current tax asset | - | - | - | - | - | - |
| Deferred tax asset | 4,226,924 | 4,226,924 | - | - | - | - |
| Other assets | 18,226,062 | 21,698,849 | - | - | (2,650) | (3,470,140) |
| Total assets | 758,880,152 | 759,041,359 | 30,996,952 | 7,681,856 | (15,575,873) | (3,498,436) |
| Liabilities | | | | | | |
| Deposits | 513,239,557 | - | - | - | - | 513,239,557 |
| Funds borrowed | 36,813,239 | - | 3,870,976 | - | - | 32,942,264 |
| Money market funds | 9,629,598 | - | 9,629,598 | - | - | - |
| Securities issued (net) | 21,842,985 | - | - | - | - | 21,842,985 |
| Funds | - | - | - | - | - | - |
| Financial liabilities measured at fvtpl | 24,035,836 | - | - | - | - | 24,035,836 |
| Derivative financial liabilities | 12,962,746 | - | - | - | - | 12,962,746 |
| Factoring payables | - | - | - | - | - | - |
| Lease payables (net) | 856,100 | - | - | - | - | 856,100 |
| Provisions | 13,040,838 | 1,327,049 | - | - | 1,564,954 | 10,148,835 |
| Current tax liability | 2,656,375 | - | - | - | - | 2,656,375 |
| Deferred tax liability | - | - | - | - | - | - |
| Liabilities for assets held for sale and assets of discontinued operations (net) | - | - | - | - | - | - |
| Subordinated debts | 10,911,505 | - | - | - | 10,822,630 | 88,875 |
| Other liabilities | 32,910,114 | - | - | 34,675 | - | 32,875,439 |
| Shareholders' equity | 79,981,259 | - | - | - | 79,709,169 | 272,090 |
| Total liabilities | 758,880,152 | 1,327,049 | 13,500,574 | 34,675 | 92,096,753 | 651,921,102 |

(*) Disclosed based on gross position amounts subject to general market risk and specific risk.

4.10.2.2 Major items causing differences between assets and liabilities' carrying values in financial statements and risk amounts in capital adequacy calculation

| | <i>Current Period</i> | <i>Total</i> | <i>Credit risk</i> | <i>Counterparty credit risk</i> | <i>Market risk (*)</i> |
|----------|--|----------------------|----------------------|---------------------------------|------------------------|
| 1 | Carrying Value of Assets in Accordance with Communiqué "Preparation of Financial Statements" (as per 4.10.2.1) | 1,172,494,967 | 1,151,334,924 | 10,385,735 | 8,886,034 |
| 2 | Carrying Value of Debt Instruments that are Subjected to Counterparty Credit Risk as per TAS (as per 4.10.2.1) | 3,814,047 | 3,814,047 | 3,814,047 | - |
| 3 | Carrying Value of Liabilities that are Subjected to Counterparty Credit Risk as per TAS (as per 4.10.2.1) | 17,729,054 | - | 17,729,054 | - |
| 4 | Carrying Value of Other Liabilities as per TAS (as per 4.10.2.1) | 83,257 | - | - | 83,257 |
| 5 | Total Net Amount within the Scope of Statutory Consolidation | 1,158,496,703 | 1,155,148,971 | (3,529,271) | 8,802,777 |
| 6 | Off-balance Sheet Amounts (**) | 943,275,174 | 137,009,584 | 8,358,497 | 388,319,767 |
| 7 | Differences Resulted from the BRSA's Applications | | (94,797,714) | - | - |
| 8 | Repurchase Transactions | | - | 22,836,838 | - |
| 9 | Risk Amounts | | 1,197,360,841 | 27,666,064 | 397,122,544 |

(*) Disclosed based on gross position amounts subject to general market risk and specific risk.

(**) The amounts present the balances of the off-balance sheet items.

| | <i>Prior Period</i> | <i>Total</i> | <i>Credit risk</i> | <i>Counterparty credit risk</i> | <i>Market risk (*)</i> |
|----------|--|--------------------|--------------------|---------------------------------|------------------------|
| 1 | Carrying Value of Assets in Accordance with Communiqué "Preparation of Financial Statements" (as per 4.10.2.1) | 760,984,123 | 745,569,459 | 17,525,052 | 7,681,856 |
| 2 | Carrying Value of Debt Instruments that are Subjected to Counterparty Credit Risk as per TAS (as per 4.10.2.1) | 13,471,900 | 13,471,900 | 13,471,900 | - |
| 3 | Carrying Value of Liabilities that are Subjected to Counterparty Credit Risk as per TAS (as per 4.10.2.1) | 13,500,574 | - | 13,500,574 | - |
| 4 | Carrying Value of Other Liabilities as per TAS (as per 4.10.2.1) | 34,675 | - | - | 34,675 |
| 5 | Total Net Amount within the Scope of Statutory Consolidation | 760,920,775 | 759,041,359 | 17,496,378 | 7,647,181 |
| 6 | Off-balance Sheet Amounts (**) | 943,275,174 | 79,171,166 | 7,038,101 | 635,720,654 |
| 7 | Differences Resulted from the BRSA's Applications | | (46,069,720) | (40,491) | - |
| 8 | Repurchase Transactions | | - | 2,002,889 | - |
| 9 | Risk Amounts | | 792,142,805 | 26,496,877 | 643,367,835 |

(*) Disclosed based on gross position amounts subject to general market risk and specific risk.

(**) The amounts present the balances of the off-balance sheet items.

4.10.2.3 Explanations on differences between carrying values in financial statements and risk amounts in capital adequacy calculation of assets and liabilities

There is no material differences between the carrying values in financial statements and the risk amounts in capital adequacy calculation of assets and liabilities.

4.10.3 Credit risk

4.10.3.1 General information on credit risk

4.10.3.1.1 General qualitative information on credit risk

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

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

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

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

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

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

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

In addition, decisions regarding the credit policy in the corporate governance framework are taken by the relevant committees. In this context, there are Wholesale Credit Risk Committee, Retail Credit Risk Committee, Risk Management Committee, Risk Technology and Analytics Committee, Credit Restructuring Committee, NPL and Collection Committee, Credit Admission Committee, and Risk Committee. Allocated limits and conditions that exceeding the limits with their usage, evaluations regarding major risks and non-

performing loans with high risk, information regarding NPLs, the data regarding the portfolios of subsidiaries are reported to senior management on a regular basis.

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

The Bank carries out on-site and central controls regarding credit risk by Internal Control Unit. Internal Control Unit, which is in the second line of defense, carries out on-site collateral and contract controls and centralized remote examinations in branches and business/support units, which are involved in credit risk management. In addition, as a second line control specialist, Risk Management Control which reports to the Head of Risk Management conducts periodic controls and assessments on credit risk management on compliance with the Bank's credit risk policies, rules and procedures.

4.10.3.1.2 Credit quality of assets

| <i>Current Period</i> | | <i>Gross carrying value as per TAS</i> | | <i>Allowances/amortisation and impairments</i> | <i>Net values</i> |
|-----------------------|-----------------------------|--|----------------------|--|----------------------|
| | | <i>Defaulted</i> | <i>Non-defaulted</i> | | |
| 1 | Loans | 17,612,512 | 850,544,456 | 12,722,252 | 855,434,716 |
| 2 | Debt securities | - | 184,545,355 | - | 184,545,355 |
| 3 | Off-balance sheet exposures | 2,506,152 | 230,299,120 | 1,771,347 | 231,033,925 |
| 4 | Total | 20,118,664 | 1,265,388,931 | 14,493,599 | 1,271,013,996 |

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

4.10.3.1.3 Changes in stock of default loans and debt securities

| | <i>Current Period</i> | <i>Prior Period</i> |
|--|-----------------------|---------------------|
| 1 Defaulted loans and debt securities at end of the previous reporting period | 16,071,215 | 14,383,132 |
| 2 Loans and debt securities defaulted since the last reporting period | 12,526,087 | 4,070,756 |
| 3 Receivables back to non-defaulted status | (254,927) | (602,424) |
| 4 Amounts written off | (8,877,928) | (3,898,992) |
| 5 Other changes (Collections and fx differences) | (1,851,935) | 2,118,743 |
| 6 Defaulted loans and debt securities at end of the reporting period | 17,612,512 | 16,071,215 |

4.10.3.1.4 Additional disclosure related to the credit quality of assets

4.10.3.1.4.1 Qualitative disclosures related to the credit quality of assets

As explained in accounting policy notes of 3.8 “Disclosures on impairment of financial assets” and 3.8.1 “Calculation of expected credit losses”, the Bank calculates the expected credit losses in accordance with TFRS 9. At each reporting date, the Bank assesses whether there is a significant increase in the credit risk of the financial instrument within the scope of impairment since it was initially recognized in the financial statements. In making this assessment, it uses the change in the estimated probability of default of the financial instrument.

A refinancing/restructuring refers to; extending a new loan for the purpose of repayment of a part or whole of the outstanding loans or related interest payments granted previously or, amending the conditions of such outstanding loans in order to facilitate the repayment capacity; due to current or foreseeable financial difficulties of the borrower or the related risk group.

4.10.3.1.4.2 Breakdown of exposures by geographical areas, industry and ageing

Disclosed under section 4.2 credit risk.

4.10.3.1.4.3 Exposures provisioned against by major regions and sectors

| | <i>Current Period</i> | | | <i>Prior Period</i> | | |
|-------------------------------|---------------------------------|---|-------------------|----------------------------|---|-------------------|
| | <i>Non-performing Loans</i> | <i>Expected Credit losses-Stage 3</i> | <i>Write-Offs</i> | <i>Non- performing</i> | <i>Expected Credit losses-Stage 3</i> | <i>Write-Offs</i> |
| Domestic | 16,926,792 | 12,233,862 | 8,543,720 | 15,708,225 | 10,331,106 | 3,898,715 |
| European Union (EU) Countries | 537,623 | 446,269 | 159,431 | 337,791 | 264,300 | 19 |
| OECD Countries | 178 | 42 | - | 3 | 2 | 15 |
| Off-Shore Banking Regions | - | - | - | - | - | - |
| USA, Canada | 171 | 48 | - | 590 | 200 | - |
| Other Countries | 147,748 | 42,031 | 174,777 | 24,606 | 18,460 | 243 |
| Total | 17,612,512 | 12,722,252 | 8,877,928 | 16,071,215 | 10,614,068 | 3,898,992 |

| | <i>Current Period</i> | | | <i>Prior Period</i> | | |
|--------------------------------------|-----------------------|---------------------------------------|-------------------|-----------------------|---------------------------------------|-------------------|
| | <i>Non-performing</i> | <i>Expected Credit losses-Stage 3</i> | <i>Write-Offs</i> | <i>Non-performing</i> | <i>Expected Credit losses-Stage 3</i> | <i>Write-Offs</i> |
| Agriculture | 47,002 | 38,259 | 1,250 | 60,253 | 47,161 | 6,073 |
| Farming and Stockbreeding | 29,094 | 22,558 | 1,183 | 36,691 | 26,879 | 5,001 |
| Forestry | 9,075 | 7,573 | 66 | 14,066 | 12,108 | 1,040 |
| Fishery | 8,833 | 8,128 | 1 | 9,496 | 8,174 | 32 |
| Manufacturing | 5,501,259 | 4,400,791 | 39,892 | 5,348,690 | 3,497,832 | 1,412,422 |
| Mining and Quarrying | 28,745 | 22,975 | 1,634 | 25,555 | 22,777 | 247 |
| Production | 1,292,266 | 1,001,873 | 38,231 | 1,592,328 | 1,131,796 | 92,793 |
| Electricity, Gas and Water | 4,180,248 | 3,375,943 | 27 | 3,730,807 | 2,343,259 | 1,319,382 |
| Construction | 629,752 | 514,856 | 21,489 | 699,689 | 494,108 | 21,985 |
| Services | 7,084,367 | 5,006,310 | 7,830,248 | 6,801,195 | 4,628,963 | 1,138,989 |
| Wholesale and Retail Trade | 1,962,645 | 1,470,493 | 95,733 | 2,159,005 | 1,574,858 | 109,340 |
| Accommodation and Dining | 559,846 | 360,322 | 18,093 | 450,379 | 318,246 | 23,910 |
| Transportation and Telecommunication | 1,910,744 | 1,481,588 | 7,703,288 | 1,793,455 | 1,194,139 | 331,255 |
| Financial Institutions | 15,324 | 14,604 | 2,326 | 32,110 | 29,668 | 705 |
| Real Estate and Rental Services | 2,546,147 | 1,608,250 | 10,045 | 2,269,159 | 1,432,860 | 630,238 |
| Professional Services | - | - | - | - | - | - |
| Educational Services | 74,124 | 59,918 | 508 | 76,027 | 60,482 | 42,960 |
| Health and Social Services | 15,537 | 11,135 | 255 | 21,060 | 18,710 | 581 |
| Others | 4,350,132 | 2,762,036 | 985,049 | 3,161,388 | 1,946,004 | 1,319,523 |
| Total | 17,612,512 | 12,722,252 | 8,877,928 | 16,071,215 | 10,614,068 | 3,898,992 |

4.10.3.1.4.4 Ageing of past-due exposures

| <i>Current Period</i> | <i>Up to 3 Months</i> | <i>3-12 Months</i> | <i>1-3 Years</i> | <i>3-5 Years</i> | <i>5 Years and Over</i> |
|--------------------------------|-----------------------|--------------------|------------------|------------------|-------------------------|
| Corporate and Commercial Loans | 1,375,512 | 1,845,493 | 5,316,300 | 4,305,978 | 506,559 |
| Retail Loans | 2,668,961 | 258,830 | 122,121 | 39,972 | 20,369 |
| Credit Cards | 975,334 | 97,067 | 54,708 | 18,200 | 7,108 |
| Others | - | - | - | - | - |
| Total | 5,019,807 | 2,201,390 | 5,493,129 | 4,364,150 | 534,036 |

| <i>Prior Period</i> | <i>Up to 3 Months</i> | <i>3-12 Months</i> | <i>1-3 Years</i> | <i>3-5 Years</i> | <i>5 Years and Over</i> |
|--------------------------------|-----------------------|--------------------|------------------|------------------|-------------------------|
| Corporate and Commercial Loans | 602,577 | 2,153,755 | 5,519,490 | 4,143,105 | 647,698 |
| Retail Loans | 961,488 | 641,233 | 484,033 | 93,922 | 40,187 |
| Credit Cards | 321,010 | 240,073 | 181,456 | 29,267 | 11,921 |
| Others | - | - | - | - | - |
| Total | 1,885,075 | 3,035,061 | 6,184,979 | 4,266,294 | 699,806 |

4.10.3.2 Credit risk mitigation

4.10.3.2.1 Qualitative disclosure on credit risk mitigation techniques

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

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

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

In the scope of capital adequacy ratio calculations, The Bank monitors up to date value of the collaterals by type. Credit monitoring process involves the control of the balance between the value of the collateral and risk besides creditworthiness of the customer.

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

4.10.3.2.2 Credit risk mitigation techniques

| | <i>Current Period</i> | <i>Exposures unsecured: carrying amount as per TAS</i> | <i>Exposures secured by collateral</i> | <i>Collateralized amount of exposures secured by collateral</i> | <i>Exposures secured by financial guarantees</i> | <i>Collateralized amount of exposures secured by financial guarantees</i> | <i>Exposures secured by credit derivatives</i> | <i>Collateralized amount of exposures secured by credit derivatives</i> |
|---|------------------------|--|--|---|--|---|--|---|
| 1 | Loans | 752,810,885 | 102,623,831 | 99,564,831 | 4,767,117 | 4,767,117 | - | - |
| 2 | Debt securities | 184,545,355 | - | - | - | - | - | - |
| 3 | Total | 937,356,240 | 102,623,831 | 99,564,831 | 4,767,117 | 4,767,117 | - | - |
| 4 | Of which defaulted (*) | 17,612,512 | - | - | - | - | - | - |

(*) The gross defaulted amount is given.

| | <i>Prior Period</i> | <i>Exposures unsecured: carrying amount as per TAS</i> | <i>Exposures secured by collateral</i> | <i>Collateralized amount of exposures secured by collateral</i> | <i>Exposures secured by financial guarantees</i> | <i>Collateralized amount of exposures secured by financial guarantees</i> | <i>Exposures secured by credit derivatives</i> | <i>Collateralized amount of exposures secured by credit derivatives</i> |
|---|------------------------|--|--|---|--|---|--|---|
| 1 | Loans | 549,022,138 | 50,042,910 | 48,248,913 | 2,138,701 | 2,138,701 | - | - |
| 2 | Debt securities | 86,185,212 | 115,831 | 29,620 | - | - | - | - |
| 3 | Total | 635,207,350 | 50,158,741 | 48,278,533 | 2,138,701 | 2,138,701 | - | - |
| 4 | Of which defaulted (*) | 16,071,215 | 67 | 592 | - | - | - | - |

(*) The gross defaulted amount is given.

4.10.3.3 Credit risk under standardised approach

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

An international rating firm, Fitch Ratings' external risk ratings are used to determine the risk weights of the risk categories as per the Article 6 of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks".

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

According to the regulation on capital adequacy, external risk ratings are used only for the exposures to banks and brokerage houses and to corporates where the counterparties are resident in abroad, to determine their risk weights. Where the counterparties are domestic, the related exposures are included in the calculation of capital adequacy as unrated.

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

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

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

4.10.3.3.2 Credit risk exposure and credit risk mitigation techniques

| | <i>Current Period</i> | <i>Exposures before CCF and CRM</i> | | <i>Exposures post-CCF and CRM</i> | | <i>RWA and RWA density</i> | |
|----|--|-------------------------------------|---------------------------------|-----------------------------------|---------------------------------|----------------------------|--------------------|
| | | <i>On-balance sheet amount</i> | <i>Off-balance sheet amount</i> | <i>On-balance sheet amount</i> | <i>Off-balance sheet amount</i> | <i>RWA</i> | <i>RWA density</i> |
| | <i>Risk classes</i> | | | | | | |
| 1 | Exposures to sovereigns and their central banks | 268,761,188 | 4,022,314 | 273,528,305 | 102,529 | 4,202,598 | 1.54% |
| 2 | Exposures to regional and local governments | 2,075,548 | 2,008 | 2,075,148 | 998 | 1,038,073 | 50.00% |
| 3 | Exposures to administrative bodies and non-commercial entities | 2,344,477 | 475,330 | 2,344,053 | 166,244 | 2,510,298 | 100.00% |
| 4 | Exposures to multilateral development banks | 8,717 | 100 | 8,717 | - | - | - |
| 5 | Exposures to international organizations | - | - | - | - | - | - |
| 6 | Exposures to banks and brokerage houses | 85,427,640 | 20,134,237 | 27,387,053 | 9,759,886 | 12,396,586 | 33.37% |
| 7 | Exposures to corporates | 269,725,212 | 190,510,565 | 248,481,890 | 89,948,021 | 292,807,753 | 86.52% |
| 8 | Retail exposures | 222,399,377 | 203,675,736 | 216,400,966 | 13,708,147 | 186,315,909 | 80.97% |
| 9 | Exposures secured by residential property | 17,053,648 | 66,344 | 17,044,177 | 34,110 | 5,977,400 | 35.00% |
| 10 | Exposures secured by commercial property | 15,417,940 | 4,534,199 | 15,362,049 | 2,632,827 | 11,048,933 | 61.40% |
| 11 | Past-due items | 4,694,052 | 49 | 4,694,052 | - | 2,757,725 | 58.75% |
| 12 | Exposures in high-risk categories | 91,288,539 | 619,033 | 91,229,006 | 304,865 | 156,196,125 | 170.64% |
| 13 | Covered bonds | - | - | - | - | - | - |
| 14 | Short term exposures to banks, brokerage houses and corporates | - | - | - | - | - | - |
| 15 | Exposures in the form of collective investment undertakings | - | - | - | - | - | - |
| 16 | Shares | 33,593,652 | - | 33,593,652 | - | 15,247,970 | 45.39% |
| 17 | Other exposures | 24,865,390 | - | 24,865,390 | - | 24,865,390 | 100.00% |
| 18 | Total | 1,037,655,380 | 424,039,915 | 957,014,458 | 116,657,627 | 715,364,760 | 66.63% |

| | <i>Prior Period</i> | <i>Exposures before CCF and CRM</i> | | <i>Exposures post-CCF and CRM</i> | | <i>RWA and RWA density</i> | |
|----|--|-------------------------------------|---------------------------------|-----------------------------------|---------------------------------|----------------------------|--------------------|
| | | <i>On-balance sheet amount</i> | <i>Off-balance sheet amount</i> | <i>On-balance sheet amount</i> | <i>Off-balance sheet amount</i> | <i>RWA</i> | <i>RWA density</i> |
| | <i>Risk classes</i> | | | | | | |
| 1 | Exposures to sovereigns and their central banks | 161,997,331 | 2,723,197 | 164,127,870 | 131,919 | 3,022,776 | 1.84% |
| 2 | Exposures to regional and local governments | 1,457,517 | 2,650 | 1,457,518 | 1,324 | 729,421 | 50.00% |
| 3 | Exposures to administrative bodies and non-commercial entities | 850,223 | 48,525 | 850,153 | 13,659 | 863,812 | 100.00% |
| 4 | Exposures to multilateral development banks | 45 | - | 45 | - | - | - |
| 5 | Exposures to international organizations | - | - | - | - | - | - |
| 6 | Exposures to banks and brokerage houses | 66,549,134 | 18,070,604 | 34,413,487 | 6,010,385 | 14,045,932 | 34.75% |
| 7 | Exposures to corporates | 190,989,687 | 101,546,252 | 184,942,343 | 44,404,169 | 223,404,606 | 97.41% |
| 8 | Retail exposures | 123,965,697 | 98,699,966 | 121,240,563 | 8,776,172 | 100,841,322 | 77.56% |
| 9 | Exposures secured by residential property | 17,805,704 | 3,327 | 17,792,955 | 1,664 | 6,228,117 | 35.00% |
| 10 | Exposures secured by commercial property | 12,267,483 | 2,636,176 | 12,220,682 | 1,543,791 | 8,913,316 | 64.76% |
| 11 | Past-due items | 4,004,058 | 92 | 4,004,043 | - | 2,793,633 | 69.77% |
| 12 | Exposures in high-risk categories | 22,600,438 | 550,229 | 22,455,336 | 289,770 | 33,805,927 | 148.63% |
| 13 | Covered Bonds | - | - | - | - | - | - |
| 14 | Short term exposures to banks, brokerage houses and corporates | - | - | - | - | - | - |
| 15 | Exposures in the form of collective investment undertakings | - | - | - | - | - | - |
| 16 | Other exposures | 28,060,685 | - | 25,501,251 | - | 10,949,101 | 42.94% |
| 17 | Shares | 16,043,908 | - | 16,043,908 | - | 16,043,908 | 100.00% |
| 18 | Total | 646,591,910 | 224,281,018 | 605,050,154 | 61,172,853 | 421,641,871 | 63.23% |

4.10.3.3.3 Exposures by asset classes and risk weights

| | Regulatory portfolio Current Period | 0% | 2% | 10% | 20% | 25% | 35% | 50% | 75% | 100% | 150% | 250% | Others | Total risk amount (post-CCF and CRM) |
|----|--|--------------------|----------------|----------|-------------------|----------|-------------------|-------------------|--------------------|--------------------|-------------------|----------|-------------------|--|
| 1 | Exposures to sovereigns and their central banks | 269,427,407 | - | - | 994 | - | - | 68 | - | 4,202,365 | - | - | - | 273,630,834 |
| 2 | Exposures to regional and local government | - | - | - | - | - | - | 2,076,146 | - | 1 | - | - | - | 2,076,147 |
| 3 | Exposures to administrative bodies and non-commercial entities | - | - | - | - | - | - | - | - | 2,510,297 | - | - | - | 2,510,297 |
| 4 | Exposures to multilateral development banks | 8,717 | - | - | - | - | - | - | - | - | - | - | - | 8,717 |
| 5 | Exposures to international organizations | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 6 | Exposures to banks and brokerage houses | - | 242,585 | - | 24,660,037 | - | - | 9,569,181 | - | 2,675,136 | - | - | - | 37,146,939 |
| 7 | Exposures to corporates | - | - | - | 35,159,281 | - | - | 34,988,872 | 1,187 | 268,280,571 | - | - | - | 338,429,911 |
| 8 | Retail exposures | - | - | - | 2 | - | - | 2,459 | 175,167,859 | 54,938,793 | - | - | - | 230,109,113 |
| 9 | Exposures secured by residential property | - | - | - | - | - | 17,078,286 | - | - | - | - | - | - | 17,078,286 |
| 10 | Exposures secured by commercial property | - | - | - | - | - | - | 13,891,885 | - | 4,102,991 | - | - | - | 17,994,876 |
| 11 | Past-due items | - | - | - | - | - | - | 3,872,656 | - | 821,396 | - | - | - | 4,694,052 |
| 12 | Exposures in high-risk categories | - | - | - | - | - | - | 162,259 | - | 48,673 | 53,218,581 | - | 38,104,358 | 91,533,871 |
| 13 | Covered Bonds | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 14 | Short term exposures to banks, brokerage houses and corporates | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 15 | Exposures in the form of collective investment undertakings | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 16 | Shares | - | - | - | - | - | - | - | - | 24,865,390 | - | - | - | 24,865,390 |
| 17 | Other exposures | 18,344,883 | - | - | 998 | - | - | - | - | 15,247,771 | - | - | - | 33,593,652 |
| 18 | Total | 287,781,007 | 242,585 | - | 59,821,312 | - | 17,078,286 | 64,563,526 | 175,169,046 | 377,693,384 | 53,218,581 | - | 38,104,358 | 1,073,672,085 |

Türkiye Garanti Bankası AŞ

Unconsolidated Financial Report as of and
for the Year Ended 31 December 2022
(Thousands of Turkish Lira (TL))

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

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

4.10.4 Counterparty credit risk

4.10.4.1 *Qualitative disclosure on counterparty credit risk*

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

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

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

4.10.4.2 Counterparty credit risk (CCR) approach analysis

| | <i>Current Period</i> | <i>Replacement cost</i> | <i>Potential future exposure</i> | <i>EEPE(Effective Expected Positive Exposure)</i> | <i>Alpha used for computing regulatory EAD</i> | <i>EAD post-CRM</i> | <i>RWA</i> |
|---|--|-------------------------|----------------------------------|---|--|---------------------|-------------------|
| 1 | Standardised Approach - CCR (for derivatives) | 8,374,201 | 6,075,976 | | 1.4 | 14,450,177 | 6,751,382 |
| 2 | Internal Model Method (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions) | | | - | - | - | - |
| 3 | Simple Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions) | | | | | - | - |
| 4 | Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions) | | | | | 6,427,120 | 5,989,659 |
| 5 | Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions | | | | | - | - |
| 6 | Total | | | | | | 12,741,041 |

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

4.10.4.3 Capital requirement for credit valuation adjustment (CVA)

| | <i>Current Period</i> | | <i>Prior Period</i> | |
|---|-----------------------|------------------|---------------------|-------------------|
| | <i>EAD post-CRM</i> | <i>RWA</i> | <i>EAD post-CRM</i> | <i>RWA</i> |
| Total portfolios subject to the Advanced CVA capital obligation | - | - | - | - |
| 1 (i) VaR component (including the 3×multiplier) | | | | |
| 2 (ii) Stressed VaR component (including the 3×multiplier) | | | | |
| 3 All portfolios subject to the Standardised CVA capital obligation | 14,450,177 | 8,795,585 | 17,267,427 | 12,078,706 |
| 4 Total subject to the CVA capital obligation | 14,450,177 | 8,795,585 | 17,267,427 | 12,078,706 |

4.10.4.4 CCR exposures by risk class and risk weights

| <i>Current Period</i> | <i>Risk weight</i> | | | | | | | | | <i>Total credit exposure</i> |
|--|--------------------|----------------|------------|------------------|------------------|----------------|------------------|-------------|--------------|------------------------------|
| | <i>0%</i> | <i>2%</i> | <i>10%</i> | <i>20%</i> | <i>50%</i> | <i>75%</i> | <i>100%</i> | <i>150%</i> | <i>Other</i> | |
| <i>Regulatory portfolio</i> | | | | | | | | | | |
| Exposures to sovereigns and their central banks | 1,410,652 | - | - | - | - | - | - | - | - | 1,410,652 |
| Exposures to regional and local governments | - | - | - | - | - | - | - | - | - | - |
| Exposures to administrative bodies and non-commercial entities | - | - | - | - | - | - | 26,960 | - | - | 26,960 |
| Exposures to multilateral development banks | 35,324 | - | - | - | - | - | - | - | - | 35,324 |
| Exposures to international organizations | - | - | - | - | - | - | - | - | - | - |
| Exposures to banks and brokerage houses | - | 610,633 | - | 1,400,117 | 7,880,634 | - | 421 | - | - | 9,891,805 |
| Exposures to corporates | - | 86,942 | - | 535,539 | 605,572 | - | 7,424,384 | - | - | 8,652,437 |
| Retail exposures | - | - | - | - | - | 860,119 | - | - | - | 860,119 |
| Other assets | - | - | - | - | - | - | - | - | - | - |
| Total | 1,445,976 | 697,575 | - | 1,935,656 | 8,486,206 | 860,119 | 7,451,765 | - | - | 20,877,297 |

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

4.10.4.5 Collaterals for CCR

| Current Period | Collateral for derivative transactions | | | | Collateral for other transactions | |
|--------------------------|--|--------------|--------------------------------|--------------|-----------------------------------|--------------------------------|
| | Fair value of collateral received | | Fair value of collateral given | | Fair value of collateral received | Fair value of collateral given |
| | Segregated | Unsegregated | Segregated | Unsegregated | | |
| Cash-domestic currency | - | - | - | - | 48,985 | - |
| Cash-foreign currency | - | - | - | - | 12,727,399 | - |
| Domestic sovereign debts | - | - | - | - | - | 18,969,345 |
| Other sovereign debts | - | - | - | - | - | - |
| Government agency debts | - | - | - | - | - | - |
| Corporate debts | - | - | - | - | - | - |
| Equity securities | - | - | - | - | - | - |
| Other collateral | - | - | - | - | - | - |
| Total | - | - | - | - | 12,776,384 | 18,969,345 |

| Prior Period | Collateral for derivative transactions | | | | Collateral for other transactions | |
|--------------------------|--|--------------|--------------------------------|--------------|-----------------------------------|--------------------------------|
| | Fair value of collateral received | | Fair value of collateral given | | Fair value of collateral received | Fair value of collateral given |
| | Segregated | Unsegregated | Segregated | Unsegregated | | |
| Cash-domestic currency | 30,430 | - | - | - | 7,396,600 | - |
| Cash-foreign currency | 7,077 | - | - | - | 4,127,882 | - |
| Domestic sovereign debts | - | - | - | - | - | 2,817,474 |
| Other sovereign debts | - | - | - | - | - | - |
| Government agency debts | - | - | - | - | - | - |
| Corporate debts | - | - | - | - | - | - |
| Equity securities | - | - | - | - | - | - |
| Other collateral | - | - | - | - | - | 8,404,357 |
| Total | 37,507 | - | - | - | 11,524,482 | 11,221,831 |

4.10.4.6 Credit derivatives

| | Current Period | | Prior Period | |
|----------------------------------|-------------------|--------------------|-------------------|--------------------|
| | Protection bought | Protection sold | Protection bought | Protection sold |
| Notionals | | | | |
| Single-name credit default swaps | - | - | - | - |
| Index credit default swaps | - | - | - | - |
| Total return swaps | - | 33,243,160 | - | 18,780,491 |
| Credit options | - | - | - | - |
| Other credit derivatives | - | - | - | - |
| Total Notionals | - | 33,243,160 | - | 18,780,491 |
| Fair Values | | (1,879,069) | | (2,436,949) |
| Positive fair values (asset) | - | 129,821 | - | - |
| Negative fair values (liability) | - | (2,008,890) | - | (2,436,949) |

4.10.4.7 Exposures to central counterparties

| | Current Period | | Prior Period | |
|---|----------------|---------------|----------------|--------------|
| | EAD (post-CRM) | RWA | EAD (post-CRM) | RWA |
| Exposures to QCCPs (total) | | 14,157 | | 2,534 |
| Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which | - | - | - | - |
| (i) OTC derivatives | 707,858 | 14,157 | 126,702 | 2,534 |
| (ii) Exchange-traded derivatives | - | - | - | - |
| (iii) Securities financing transactions | - | - | - | - |
| (iv) Netting sets where cross-product netting has been approved | - | - | - | - |
| Segregated initial margin | - | - | - | - |
| Non-segregated initial margin | - | - | - | - |
| Pre-funded default fund contributions | - | - | - | - |
| Unfunded default fund contributions | - | - | - | - |
| Exposures to non-QCCPs (total) | | | | |
| Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which | - | - | - | - |
| (i) OTC derivatives | - | - | - | - |
| (ii) Exchange-traded derivatives | - | - | - | - |
| (iii) Securities financing transactions | - | - | - | - |
| (iv) Netting sets where cross-product netting has been approved | - | - | - | - |
| Segregated initial margin | - | - | - | - |
| Non-segregated initial margin | - | - | - | - |
| Pre-funded default fund contributions | - | - | - | - |

4.10.5 Securitisations

None.

4.10.6 Market risk

4.10.6.1 Qualitative disclosure on market risk

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

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

The Market Risk function under Market and Structural Risk Department monitors the activities of Global Markets Trading Department via risk reports and the limits approved by the board of directors.

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

4.10.6.2 Market risk under standardised approach

| | | <i>RWA</i> | |
|----------|---|-----------------------|---------------------|
| | | <i>Current Period</i> | <i>Prior Period</i> |
| | Outright products | 37,969,591 | 29,734,147 |
| 1 | Interest rate risk (general and specific) | 5,602,250 | 2,692,038 |
| 2 | Equity risk (general and specific) | 770,528 | 896,672 |
| 3 | Foreign exchange risk | 31,082,975 | 25,183,175 |
| 4 | Commodity risk | 513,838 | 962,262 |
| | Options | 1,788,362 | 30,300 |
| 5 | Simplified approach | - | - |
| 6 | Delta-plus method | 1,788,362 | 30,300 |
| 7 | Scenario approach | - | - |
| 8 | Securitisation | - | - |
| 9 | Total | 39,757,953 | 29,764,447 |

4.10.7 Operational risk

The value at operational risk is calculated according to the basic indicator approach as per the Article 24 of “Regulation regarding Measurement and Assessment of Capital Adequacy Ratios of Banks”.

The annual gross income is composed of net interest income and net non-interest income after deducting realised gains/losses from the sale of securities classified under financial assets measured at fair value through other comprehensive income and financial assets measured at amortised cost, extraordinary income and income derived from insurance claims.

| <i>Current Period</i> | | | | Total/ No. of | | |
|---|-------------------|-------------------|-------------------|--------------------------|-----------------|--------------|
| | 31.12.2019 | 31.12.2020 | 31.12.2021 | Years of Positive | | |
| Basic Indicator Approach | | | | Gross Income | Rate (%) | Total |
| Gross Income | 23,265,901 | 30,184,824 | 46,196,356 | 33,215,694 | 15 | 4,982,354 |
| Value at Operational Risk (Total x % 12.5) | | | | | | 62,279,426 |

| <i>Prior Period</i> | | | | Total/ No. of | | |
|---|-------------------|-------------------|-------------------|--------------------------|-----------------|--------------|
| | 31.12.2018 | 31.12.2019 | 31.12.2020 | Years of Positive | | |
| Basic Indicator Approach | | | | Gross Income | Rate (%) | Total |
| Gross Income | 23,096,234 | 23,265,901 | 30,184,824 | 25,515,653 | 15 | 3,827,348 |
| Value at Operational Risk (Total x % 12.5) | | | | | | 47,841,850 |

4.10.8 Banking book interest rate risk

4.10.8.1 Nature of interest rate risk resulting from banking book, major assumptions on early repayment of loans and movements in deposits other than term deposits and frequency of measuring interest rate risk

The interest rate risk resulting from the banking book is assessed in terms of repricing risk, yield-curve risk, base risk and option risk, measured as per international standards and managed through limitations and mitigations through hedging transactions.

The interest sensitivity of assets, liabilities and off balance-sheet items are evaluated at the Weekly Review Committee and Monthly Asset-Liability meetings considering also the market developments.

The measurement process of interest rate risk resulting from the banking book, is designed and managed by the Bank on a bank-only basis to include the interest rate positions defined as banking book by the Bank and to consider the relevant repricing and maturity data.

Within the scope of monitoring the re-pricing risk arising from maturity mismatch, the sensitivity of the durations/gap, economic value, economic capital, net interest income, earnings at risk, market price of securities portfolio are measured and the internal early warning and limit levels in this context are monitored and reported regularly. Calculated risk metrics and generated reports are used in the management of the balance sheet interest risk under the supervision of the Asset and Liability Committee. In the said analyses, the present value and the net interest income are calculated over the cash flows of the sensitive assets and liability items by using the yield curves constructed by using the market interest rates. For non-matured products, maturity is determined based on interest rate determination frequency and customer behaviour. These results are supported by periodic sensitivities and scenario analyses against fluctuations that may be experienced in the markets.

Early loan payments under the option risk are considered as unusual payments affecting the repayment of the principal above the regular payment plan, which changes the number and amount of the current payment plan. Within the scope of the early payment model studies, early payment data is based on total early payment and partial early payment distinction. Within the framework of internal net interest income and economic value calculations, early payment option is reflected in monthly reports considering the early payment assumption.

The interest rate risk resulting from the banking book is measured legally as per the “Regulation on Measurement and Evaluation of Interest Rate Risk Resulting from Banking Book as per Standard Shock Method” published in the Official Gazette no.28034 dated 23 August 2011, and the legal limit as per this measurement is monitored and reported monthly. The capital level is maintained considering the interest rate risk resulting from the banking book.

The interest rate risk on the interest-rate-sensitive financial instruments of the trading portfolio is evaluated as part of the market risk.

Branches and lines of business are eliminated from interest rate risk through the transfer pricing system and these risks are transferred to the Asset and Liability Management Department (ALM) and managed by ALM in a central structure.

4.10.8.2 Economic value differences resulted from interest rate instabilities calculated according to Regulation on Measurement and Evaluation of Interest Rate Risk Resulted from Banking Book as per Standard Shock Method

| <i>Current Period</i> | | Shocks Applied (+/- basis points) | Gains/Losses | Gains/Equity- Losses/Equity |
|-----------------------------------|------------------|--------------------------------------|--------------------|--------------------------------|
| | Type of Currency | | | |
| 1 | TL | (+) 500bp | (8,961,218) | (5.22)% |
| 2 | TL | (-) 400bp | 8,657,675 | 5.04% |
| 3 | USD | (+) 200bp | 1,484,786 | 0.86% |
| 4 | USD | (-) 200bp | (1,523,696) | (0.89)% |
| 5 | EUR | (+) 200bp | 3,828,832 | 2.23% |
| 6 | EUR | (-) 200bp | (4,074,343) | (2.37)% |
| Total (of negative shocks) | | | 3,059,636 | 1.78% |
| Total (of positive shocks) | | | (3,647,600) | (2.12)% |

| <i>Prior Period</i> | | Shocks Applied (+/- basis points) | Gains/Losses | Gains/Equity- Losses/Equity |
|-----------------------------------|------------------|--------------------------------------|--------------------|--------------------------------|
| | Type of Currency | | | |
| 1 | TL | (+) 500bp | (6,209,372) | (8.56)% |
| 2 | TL | (-) 400bp | 5,872,483 | 8.09% |
| 3 | USD | (+) 200bp | 401,784 | 0.55% |
| 4 | USD | (-) 200bp | (629,807) | (0.87)% |
| 5 | EUR | (+) 200bp | 1,446,619 | 1.99% |
| 6 | EUR | (-) 200bp | (1,707,593) | (2.35)% |
| Total (of negative shocks) | | | 3,535,083 | 4.87% |
| Total (of positive shocks) | | | (4,360,969) | (6.02)% |

4.10.9 Remuneration policy

4.10.9.1 Qualitative disclosures regarding remuneration policies

4.10.9.1.1 Disclosures related with Remuneration Committee

The Bank's Remuneration Committee is comprised of two non-executive members of the board. The committee convenes for 5 times during the year. The duties and responsibilities of the Committee include the following:

- To conduct the necessary monitoring and audit process in order to ensure that the remuneration policy and practices are implemented in accordance with the related laws and regulations and risk management principles;
- To review and if necessary, revise the remuneration policy at least once a year in order to ensure its compliance with the laws and regulations or market practices in Turkey;
- To determine and approve remuneration packages of the executive and non-executive Board of Directors, Chief Executive Officer and Executive Vice Presidents;
- To follow up the revision requirements of the policies, procedures and regulations related with its areas of responsibility and to take actions in order to ensure that they are kept updated.

The Bank has received consultancy service for compliance with the Guidelines on Sound Remuneration Practices in Banks.

The fundamental principles of the remuneration policy are applicable for all bank employees.

The Bank board members, senior management and the Bank staff deemed to perform the functions having material impact on the Bank's risk profile are considered as identified staff; and by the end of 2022, the number of identified staff is 27.

4.10.9.1.2 Information on the design and structure of remuneration process

The Bank relies on the following values while managing its Remuneration Policy. These values are considered in all compensation practices.

- a. Fair
- b. Transparent
- c. Based on measurable and balanced performance targets
- d. Encouraging sustainable success
- e. In line with the Bank Risk Management Principles

The main objective of the Remuneration Policy is to maintain the internal and external balances in the remuneration structure. Internal balance is ensured with the principles of “equal pay for equal work” and performance-based remuneration”. As for external balance, the data obtained from employee reward and benefit researches conducted by independent research organizations are taken into account.

The Remuneration Policy of 2021 is consistent with the previous period and no change was made in the Policy by the decision of Remuneration Committee. Increases in the remuneration of employees working in the units responsible for internal systems are determined depending on the basic rate of increase specified by the Bank and their personal performances. In the variable remuneration, only the performance criteria associated with their personal performance or the performance of the unit that they work in are taken into account independently of the performance of the business units that they control.

4.10.9.1.3 Evaluation about how the bank’s remuneration processes take the current and future risks into account

The Bank follows the Risk Management Principles while implementing the remuneration processes. It adopts the remuneration policies that are in line with Bank’s long-term objectives and risk management structures and avoiding excessive risk-taking.

4.10.9.1.4 Evaluation about how the Bank associates variable remunerations with performance

In the association of variable remunerations with performance, various indicators considered among financial and non-financial performance criteria specified by the Bank such as return on regulatory capital, efficiency, profitability, customer satisfaction (NTS), digital sales are taken into account.

In the variable remuneration for the identified staff, personal performance criteria, the Bank’s performance criteria and BBVA Group’s performance criteria are collectively taken into account. The weightings of such performances taken into account as such may vary according to the position of the identified staff member.

In case of occurrence of risky situations regarding capital adequacy or if and when necessary, Bank may pursue a more conservative policy in relation to all remuneration issues, particularly regarding variable remunerations. In this context, methodological changes such as deferral, retention, malus and clawback may be applied in relation to variable remunerations in accordance with the principles set out by the applicable laws.

4.10.9.1.5 Evaluation about the bank’s methods to adjust remunerations according to long-term performance

Regarding variable remunerations of identified staff, it has been adopted based on the principles in the “Guidelines on Sound Remuneration Practices in Banks” that at least 40% of variable remunerations will be deferred for at least 3 years and at least 50% of it will be paid in non-cash instruments.

Remuneration Committee decided on that variable remuneration of identified staff is subject to cancellation and clawback.

4.10.9.1.6 Evaluation about the instruments used by the bank for variable remunerations and the purposes of use of such instruments

The variable remunerations of identified staff are paid using cash and share-linked non-cash instruments. Considering the principles in the “Guidelines on Sound Remuneration Practices in Banks” variable remunerations of identified staff are paid both with cash and non-cash(share-linked) instruments. Regarding variable remunerations of identified staff for the financial period of 2022, BBVA shares are taken as reference for payments based on non-cash instruments.

The type and weight of non-cash instruments used in payment of variable remuneration are same for all identified staff.

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 | 3,310,208 | 16,828,245 | 1,916,282 | 14,007,635 |
| Central Bank of Turkey | 5,895,148 | 108,120,522 | 11,613,904 | 91,085,992 |
| Others | - | 3,739,285 | - | 4,489,337 |
| Total | 9,205,356 | 128,688,052 | 13,530,186 | 109,582,964 |

Balances with the Central Bank of Turkey

| | <i>Current Period</i> | | <i>Prior Period</i> | |
|------------------------------|-----------------------|--------------------|---------------------|-------------------|
| | TL | FC | TL | FC |
| Unrestricted Demand Deposits | 5,895,148 | 35,586,176 | 11,613,904 | 32,119,361 |
| Unrestricted Time Deposits | - | - | - | - |
| Restricted Time Deposits | - | 72,534,346 | - | 58,966,631 |
| Total | 5,895,148 | 108,120,522 | 11,613,904 | 91,085,992 |

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

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

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

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

Within the scope of the Communiqué No. 2021/14 on Supporting the Conversion of TL Deposit and Participation Accounts who practices regarding the establishment of additional required reserves and payment of commissions according to the conversion rate to foreign currency deposit accounts in USD, EUR and GBP and time deposit accounts was terminated as of 23 December 2022.

In accordance with the instruction dated 2 September 2022, the commission practice according to the share of Turkish Lira deposits in total deposits has been changed to be applied as of 23 December 2022. As per this amendment, banks with a share of Turkish Lira deposits below 50% will pay 8% commission and banks with a share between 50% and 60% will pay 3% commission, separately for real and legal persons. The commissions to be paid will be calculated over the amount of reserve requirements for foreign currency deposit liabilities.

5.1.1.2 Banks

| | <i>Current Period</i> | | <i>Prior Period</i> | |
|-----------------------------------|-----------------------|-------------------|---------------------|-------------------|
| | TL | FC | TL | FC |
| Banks | 130,661 | 338,517 | 176,782 | 347,784 |
| Domestic banks | 480,729 | 22,156,523 | 489,740 | 43,146,920 |
| Foreign banks | - | - | - | - |
| Foreign head offices and branches | 611,390 | 22,495,040 | 666,522 | 43,494,704 |
| Total | 130,661 | 338,517 | 176,782 | 347,784 |

The placements at foreign banks include blocked accounts amounting TL 9,152,303 (31 December 2021: TL 20,499,346) of which TL 1,236 (31 December 2021: TL 5,937,765) kept at the central banks of Malta, TL 606,643 (31 December 2021: TL 368,848) kept at Turkish Republic of Northern Cyprus and TL 8,544,424 (31 December 2021: TL 14,192,733) kept at various banks as collateral.

Due from foreign banks

| | <i>Current Period</i> | | <i>Prior Period</i> | |
|---------------------------|----------------------------|------------------------------|----------------------------|------------------------------|
| | Restricted Balances | Unrestricted Balances | Restricted Balances | Unrestricted Balances |
| EU Countries | 2,379,011 | 1,262,707 | 4,187,784 | 7,607,925 |
| USA and Canada | 4,202,933 | - | 11,272,933 | - |
| OECD Countries (*) | 2,105,084 | 7,282,954 | 5,080,462 | 12,495,993 |
| Off-Shore Banking Regions | - | - | - | - |
| Other | 4,797,921 | 606,642 | 2,596,135 | 395,428 |
| Total | 13,484,949 | 9,152,303 | 23,137,314 | 20,499,346 |

(*) OECD countries other than the EU countries, USA and Canada

5.1.1.3 Receivables from reserve repo transactions

| | <i>Current Period</i> | | <i>Prior Period</i> | |
|------------------------------|-----------------------|-------------------|---------------------|------------------|
| | TL | FC | TL | FC |
| Domestic Transactions | 34,719,478 | - | 30,486,557 | - |
| Central Bank of Turkey | - | - | - | - |
| Banks | 34,719,478 | - | 30,161,870 | - |
| Others | - | - | 324,687 | - |
| Foreign Transactions | - | 35,013,551 | - | 2,964,602 |
| Central banks | - | - | - | - |
| Banks | - | 35,013,551 | - | 2,964,602 |
| Others | - | - | - | - |
| Total | 34,719,478 | 35,013,551 | 30,486,557 | 2,964,602 |

5.1.1.4 Expected credit losses for cash and cash equivalents

| <i>Current Period</i> | <i>Stage 1</i> | <i>Stage 2</i> | <i>Stage 3</i> | <i>Total</i> |
|--|----------------|----------------|----------------|----------------|
| Balances at Beginning of Period | 237,031 | - | - | 237,031 |
| Additions during the Period (+) | 2,536,474 | 14,370 | - | 2,550,844 |
| Disposals (-) | (1,958,879) | (12,267) | - | (1,971,146) |
| Transfer to 12 month ECL (Stage1) | 1 | (1) | - | - |
| Transfer to lifetime ECL Significant Increase in Credit Risk (Stage 2) | (15) | 15 | - | - |
| Transfer to lifetime ECL Impaired Credits (Stage 3) | - | - | - | - |
| Foreign Currency Differences | 82,670 | 1,922 | - | 84,592 |
| Balances at End of Period | 897,282 | 4,039 | - | 901,321 |

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

5.1.2 Information on financial assets measured at fair value through profit/loss

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

None.

5.1.2.2 Financial assets measured at fair value through profit or loss

| | <i>Current Period</i> | | <i>Prior Period</i> | |
|--------------------------------|-----------------------|------------------|---------------------|------------------|
| | TL | FC | TL | FC |
| Government Securities | 1,098,714 | 616,986 | 815,868 | 380,110 |
| Equity Securities | 87,470 | 67,322 | 37,263 | 99,701 |
| Other Financial Assets (*)(**) | 22,584 | 572,356 | 841 | 4,936,380 |
| Total | 1,208,768 | 1,256,664 | 853,972 | 5,416,191 |

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

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

5.1.3 Financial assets measured at fair value through other comprehensive income

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

| | <i>Current Period</i> | | <i>Prior Period</i> | |
|---|-----------------------|------------------|---------------------|------------------|
| | TL | FC | TL | FC |
| Collateralised/Blocked Assets | 27,785,811 | 1,557,763 | 5,986,386 | 3,308,937 |
| Assets subject to Repurchase Agreements | - | 8,165,263 | 3,164,455 | 1,730,384 |
| Total | 27,785,811 | 9,723,026 | 9,150,841 | 5,039,321 |

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

| | Current Period | Prior Period |
|---|-------------------|-------------------|
| Debt Securities | 42,439,429 | 36,521,305 |
| Quoted at Stock Exchange | 42,439,429 | 36,521,305 |
| Unquoted at Stock Exchange | - | - |
| Common Shares/Investment Fund | 13,840 | 11,477 |
| Quoted at Stock Exchange | 4,491 | 4,491 |
| Unquoted at Stock Exchange | 9,349 | 6,986 |
| Value Increase/Impairment Losses (-) | 34,845,940 | 8,243,375 |
| Total | 77,299,209 | 44,776,157 |

Expected losses of TL 269,022 (31 December 2021: TL 49,243) are accounted under shareholders' equity for financial assets measured at fair value through other comprehensive income.

5.1.4 Derivative financial assets

5.1.4.1 Positive differences on derivative financial assets measured at FVTPL

| | Current Period | | Prior Period | |
|----------------------|------------------|------------------|-------------------|------------------|
| | TL | FC | TL | FC |
| Forward Transactions | 357,376 | 84,705 | 816,734 | 23,610 |
| Swap Transactions | 3,069,493 | 4,176,790 | 13,556,705 | 2,091,772 |
| Futures | - | - | - | - |
| Options | 751,728 | 510,661 | 121,024 | 60,539 |
| Others | - | - | - | - |
| Total | 4,178,597 | 4,772,156 | 14,494,463 | 2,175,921 |

5.1.4.2 Derivative financial assets held for hedging purpose

| Derivative Financial Assets Held for Hedging Purpose | Current Period | | Prior Period | |
|--|----------------|------------------|----------------|---------------|
| | TL | FC | TL | FC |
| Fair Value Hedges | - | 311,360 | 24,699 | - |
| Cash Flow Hedges | 179,457 | 953,649 | 746,666 | 83,303 |
| Net Foreign Investment Hedges | - | - | - | - |
| Total | 179,457 | 1,265,009 | 771,365 | 83,303 |

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

| | Current Period | | | Prior Period | | |
|----------------------|-------------------|------------------|---------------|-------------------|----------------|----------------|
| | Face Value | Asset | Liability | Face Value | Asset | Liability |
| Interest Rate Swaps | 47,958,820 | 1,282,034 | - | 66,337,846 | 342,442 | 664,216 |
| -TL | 120,000 | 17,025 | - | 9,610,000 | 259,139 | 41,211 |
| -FC | 47,838,820 | 1,265,009 | - | 56,727,846 | 83,303 | 623,005 |
| Currency Swaps | 11,068,932 | 11,708 | 21,111 | - | - | - |
| -TL | 5,550,445 | 11,708 | 21,111 | - | - | - |
| -FC | 5,518,487 | - | - | - | - | - |
| Cross Currency Swaps | 179,448 | 138,635 | - | 570,899 | 398,750 | - |
| -TL | 22,571 | 138,635 | - | 93,028 | 398,750 | - |
| -FC | 156,877 | - | - | 477,871 | - | - |
| Currency Forwards | 55,328 | 12,089 | - | 661,477 | 113,476 | - |
| -TL | 21,862 | 12,089 | - | 294,779 | 113,476 | - |
| -FC | 33,466 | - | - | 366,698 | - | - |
| Total | 59,262,528 | 1,444,466 | 21,111 | 67,570,222 | 854,668 | 664,216 |

5.1.4.3 Fair value hedge accounting

| <i>Current Period</i> | | Type of Risk | Fair Value Change of Hedged Item | Net Fair Value Change of Hedging Item | | Statement of profit or loss Effect (gains/losses from derivative financial instruments) |
|-----------------------|-----------------------------|---|----------------------------------|---------------------------------------|-----------|---|
| Hedging Item | Hedged Item | | | Asset | Liability | |
| Interest Rate Swaps | Fixed-rate commercial loans | Interest rate risk | - | - | - | 115 |
| Interest Rate Swaps | Fixed-rate securities | Interest rate risk | (321,068) | 311,360 | - | 22,009 |
| Cross Currency Swaps | Fixed-rate securities | Interest rate and foreign currency exchange rate risk | - | - | - | - |

| <i>Prior Period</i> | | Type of Risk | Fair Value Change of Hedged Item | Net Fair Value Change of Hedging Item | | Statement of profit or loss Effect (gains/losses from derivative financial instruments) |
|----------------------|-----------------------------|---|----------------------------------|---------------------------------------|-----------|---|
| Hedging Item | Hedged Item | | | Asset | Liability | |
| Interest Rate Swaps | Fixed-rate commercial loans | Interest rate risk | (22,791) | 24,699 | (2,023) | 14,396 |
| Interest Rate Swaps | Fixed-rate securities | Interest rate risk | 349,358 | - | (381,075) | (12,108) |
| Cross Currency Swaps | Fixed-rate securities | Interest rate and foreign currency exchange rate risk | - | - | - | 64,211 |

5.1.4.4 Cash flow hedge accounting

| Current Period | | | | | | | |
|----------------------|---|--|----------------------------------|-----------|---|---|--|
| Hedging Item | Hedged Item | Type of Risk | Fair Value Change of Hedged Item | | Gains/Losses Accounted under Shareholders' Equity in the Period | Gains/Losses Accounted under Statement of Profit/Loss in the Period | Ineffective Portion (net) Accounted under Statement of Profit/Loss |
| | | | Asset | Liability | | | |
| Interest Rate Swaps | Floating-rate funds borrowed | Cash flow risk resulted from change in market interest rates | - | - | - | - | - |
| Interest Rate Swaps | Floating-rate deposit | Cash flow risk resulted from change in market interest rates | 970,674 | - | 969,706 | 62,770 | 19,412 |
| Interest Rate Swaps | Floating-rate funds borrowed | Cash flow risk resulted from change in market interest rates | - | - | - | - | - |
| Cross Currency Swaps | Floating-rate funds borrowed | Cash flow risk resulted from change in market interest rates and foreign currency exchange rates | 138,635 | - | (7,599) | (3,388) | - |
| Currency Swaps | Expected investment /Operational expenses | Cash flow risk resulted from foreign currency exchange rates | 11,708 | (21,111) | 20,071 | - | - |
| Currency Forwards | Mile payments | Cash flow risk resulted from foreign currency exchange rates | 12,089 | - | 4,859 | - | - |
| Spot Position | Mile payments | Cash flow risk resulted from foreign currency exchange rates | - | - | 170,560 | - | - |

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 (257,322) and the amount recognized in Equity is TL (119,064).

| Prior Period | | | | | | | |
|----------------------|---|--|----------------------------------|-----------|---|---|--|
| Hedging Item | Hedged Item | Type of Risk | Fair Value Change of Hedged Item | | Gains/Losses Accounted under Shareholders' Equity in the Period | Gains/Losses Accounted under Statement of Profit/Loss in the Period | Ineffective Portion (net) Accounted under Statement of Profit/Loss |
| | | | Asset | Liability | | | |
| Interest Rate Swaps | Floating-rate funds borrowed | Cash flow risk resulted from change in market interest rates | - | (37,771) | 9,427 | (32,994) | (4,338) |
| Interest Rate Swaps | Floating-rate deposit | Cash flow risk resulted from change in market interest rates | 317,743 | (204,337) | 562,576 | 129,670 | 54,829 |
| Interest Rate Swaps | Floating-rate funds borrowed | Cash flow risk resulted from change in market interest rates | - | (39,010) | 9,924 | 22,764 | (905) |
| Cross Currency Swaps | Floating-rate funds borrowed | Cash flow risk resulted from change in market interest rates and foreign currency exchange rates | 398,750 | - | (12,733) | (12,909) | 28 |
| Currency Swaps | Expected investment /Operational expenses | Cash flow risk resulted from foreign currency exchange rates | - | - | - | - | - |
| Currency Forwards | Mile payments | Cash flow risk resulted from foreign currency exchange rates | 113,476 | - | 113,476 | - | - |
| Spot Position | Mile payments | Cash flow risk resulted from foreign currency exchange rates | - | - | - | - | - |

In the current period, the amount reclassified from the Shareholders' Equity to the Statement of Profit or Loss due to the ceased hedging transactions is TL (75,411) and the amount recognized in Equity is TL 73,422.

5.1.5 Loans

5.1.5.1 Loans and advances to shareholders and employees of the Bank

| | Current Period | | Prior Period | |
|--|----------------|------------------|----------------|------------------|
| | Cash Loans | Non-Cash Loans | Cash Loans | Non-Cash Loans |
| Direct Lendings to Shareholders | - | 2,067,095 | - | 1,563,727 |
| Corporates | - | 2,067,095 | - | 1,563,727 |
| Individuals | - | - | - | - |
| Indirect Lendings to Shareholders | 49,533 | 9,937 | 3,097 | 189,593 |
| Loans to Employees | 725,207 | 77 | 447,819 | 23 |
| Total | 774,740 | 2,077,109 | 450,916 | 1,753,343 |

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

| Current Period Cash Loans (*) | Performing Loans | Loans under Follow-up | | |
|----------------------------------|---------------------|-----------------------|---------------------------|-------------------|
| | | Non-restructured | Restructured | |
| | | | Revised Contract Terms | Refinanced |
| Loans | 550,976,005 | 53,893,635 | 26,219,825 | 20,698,809 |
| Working Capital Loans | 55,632,696 | 7,631,143 | 1,701,108 | 10,158,605 |
| Export Loans | 61,446,817 | 5,885,132 | 87,923 | 88,151 |
| Import Loans | - | - | - | - |
| Loans to Financial Sector | 17,909,674 | 7,652 | - | - |
| Consumer Loans | 109,625,845 | 11,083,817 | 1,446,151 | 37,406 |
| Credit Cards | 98,522,389 | 12,410,131 | 492,320 | - |
| Others | 207,838,584 | 16,875,760 | 22,492,323 | 10,414,647 |
| Specialization Loans | - | - | - | - |
| Other Receivables | - | - | - | - |
| Total | 550,976,005 | 53,893,635 | 26,219,825 | 20,698,809 |

(*) Non-performing loans are not included.

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

(*) Non-performing loans are not included.

| <i>Current Period</i> | Corporate/ Commercial Loans | | Consumer Loans | | Total | |
|--------------------------------------|------------------------------------|--------------------|-----------------------|----------------|--------------------|--------------------|
| | TL | FC | TL | FC | TL | FC |
| Performing Loans (Stage 1) | 250,120,480 | 116,620,728 | 183,742,840 | 491,957 | 433,863,320 | 117,112,685 |
| Loans under Follow-up (Stage 2) | 22,404,677 | 56,594,067 | 21,788,357 | 25,168 | 44,193,034 | 56,619,235 |
| Total Stage 1 and 2 Loans | 272,525,157 | 173,214,795 | 205,531,197 | 517,125 | 478,056,354 | 173,731,920 |
| Expected Credit losses-Stage 1-2 (-) | 4,960,914 | 16,836,692 | 2,046,691 | 263 | 7,007,605 | 16,836,955 |
| Total Non-performing Loans (Stage 3) | 12,680,638 | 1,193,765 | 3,729,709 | 8,400 | 16,410,347 | 1,202,165 |
| Expected Credit losses-Stage 3 (-) | 9,522,299 | 888,173 | 2,306,251 | 5,529 | 11,828,550 | 893,702 |

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

| | <i>Current Period</i> | | <i>Prior Period</i> | |
|---|-------------------------|------------------------------|-------------------------|------------------------------|
| | Performing Loans | Loans Under Follow-Up | Performing Loans | Loans Under Follow-Up |
| 12-Month ECL (Stage 1) | 3,681,287 | - | 2,450,350 | - |
| Significant Increase in Credit Risk (Stage 2) | - | 20,163,273 | - | 13,680,262 |

As of 31 December 2022, loans amounting to TL 6,480,885 are benefited as collateral under funding transactions (31 December 2021: TL 4,936,289).

Collaterals received for loans under follow-up;

| <i>Current Period</i> | Corporate/ Commercial Loans | Consumer Loans | Credit Cards | Total |
|---|------------------------------------|-----------------------|---------------------|--------------------|
| Loans Collateralized by Cash | 1,534,852 | 72,199 | - | 1,607,051 |
| Loans Collateralized by Mortgages/Shares/Credit Guarantee Fund Sureties | 25,905,196 | 3,166,866 | - | 29,072,062 |
| Loans Collateralized by Pledged Assets | 10,664,721 | 348,449 | - | 11,013,170 |
| Loans Collateralized by Cheques and Notes | 155,608 | 4,701 | - | 160,309 |
| Loans Collateralized by Other Collaterals | 31,536,057 | 7,113,891 | - | 38,649,948 |
| Unsecured Loans | 5,546,010 | 1,861,268 | 12,902,451 | 20,309,729 |
| Total | 75,342,444 | 12,567,374 | 12,902,451 | 100,812,269 |

| <i>Prior Period</i> | Corporate/ Commercial Loans | Consumer Loans | Credit Cards | Total |
|---|------------------------------------|-----------------------|---------------------|-------------------|
| Loans Collateralized by Cash | 2,425,486 | 50,878 | - | 2,476,364 |
| Loans Collateralized by Mortgages/Shares/Credit Guarantee Fund Sureties | 29,659,044 | 2,947,723 | - | 32,606,767 |
| Loans Collateralized by Pledged Assets | 9,650,263 | 198,775 | - | 9,849,038 |
| Loans Collateralized by Cheques and Notes | 249,494 | 6,122 | - | 255,616 |
| Loans Collateralized by Other Collaterals | 18,377,127 | 7,435,520 | - | 25,812,647 |
| Unsecured Loans | 3,091,610 | 684,812 | 5,807,971 | 9,584,393 |
| Total | 63,453,024 | 11,323,830 | 5,807,971 | 80,584,825 |

Delinquency periods of loans under follow-up;

| <i>Current Period</i> | Corporate/ Commercial Loans | Consumer Loans | Credit Cards | Total |
|-----------------------|-----------------------------------|-------------------|-------------------|--------------------|
| 31-60 days | 126,728 | 1,094,571 | 388,909 | 1,610,208 |
| 61-90 days | 484,572 | 339,278 | 150,663 | 974,513 |
| Others | 74,731,144 | 11,133,525 | 12,362,879 | 98,227,548 |
| Total | 75,342,444 | 12,567,374 | 12,902,451 | 100,812,269 |

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

5.1.5.3 Maturity analysis of cash loans

| <i>Current Period</i> | Performing Loans and Other Receivables | | Loans under Follow-Up and Other Receivables | |
|-----------------------------------|---|--|--|--|
| | Loans and Other Receivables | Loans and Receivables with Revised Contract Terms | Loans and Other Receivables | Loans and Receivables with Revised Contract Terms |
| Short-term Loans | 316,426,473 | 1,185,743 | 25,120,319 | 1,913,819 |
| Loans | 316,426,473 | 1,185,743 | 25,120,319 | 1,913,819 |
| Specialization Loans | - | - | - | - |
| Other Receivables | - | - | - | - |
| Medium and Long-term Loans | 221,435,213 | 11,928,576 | 28,773,316 | 45,004,815 |
| Loans | 221,435,213 | 11,928,576 | 28,773,316 | 45,004,815 |
| Specialization Loans | - | - | - | - |
| Other Receivables | - | - | - | - |

| <i>Prior Period</i> | Performing Loans and Other Receivables | | Loans under Follow-Up and Other Receivables | |
|-----------------------------------|---|--|--|--|
| | Loans and Other Receivables | Loans and Receivables with Revised Contract Terms | Loans and Other Receivables | Loans and Receivables with Revised Contract Terms |
| Short-term Loans | 138,666,259 | 203,365 | 12,387,065 | 1,158,474 |
| Loans | 138,666,259 | 203,365 | 12,387,065 | 1,158,474 |
| Specialization Loans | - | - | - | - |
| Other Receivables | - | - | - | - |
| Medium and Long-term Loans | 178,324,276 | 11,004,660 | 26,329,606 | 40,709,680 |
| Loans | 178,324,276 | 11,004,660 | 26,329,606 | 40,709,680 |
| Specialization Loans | - | - | - | - |
| Other Receivables | - | - | - | - |

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

| Current Period | Short-Term | Medium and Long-Term | Total |
|--|--------------------|----------------------|--------------------|
| Consumer Loans – TL | 18,339,322 | 91,526,657 | 109,865,979 |
| Housing Loans | 36,300 | 23,025,402 | 23,061,702 |
| Automobile Loans | 985,209 | 4,891,000 | 5,876,209 |
| General Purpose Loans | 17,317,813 | 63,610,255 | 80,928,068 |
| Other | - | - | - |
| Consumer Loans – FC-indexed | - | 132,069 | 132,069 |
| Housing Loans | - | 132,069 | 132,069 |
| Automobile Loans | - | - | - |
| General Purpose Loans | - | - | - |
| Other | - | - | - |
| Consumer Loans – FC | 1,195 | 79,064 | 80,259 |
| Housing Loans | - | 58,357 | 58,357 |
| Automobile Loans | - | 14,034 | 14,034 |
| General Purpose Loans | 1,195 | 6,673 | 7,868 |
| Other | - | - | - |
| Retail Credit Cards – TL | 82,758,294 | 283,379 | 83,041,673 |
| With Installment | 45,361,352 | 283,379 | 45,644,731 |
| Without Installment | 37,396,942 | - | 37,396,942 |
| Retail Credit Cards – FC | 431,603 | - | 431,603 |
| With Installment | - | - | - |
| Without Installment | 431,603 | - | 431,603 |
| Personnel Loans – TL | 101,175 | 208,422 | 309,597 |
| Housing Loan | - | 214 | 214 |
| Automobile Loans | - | 405 | 405 |
| General Purpose Loans | 101,175 | 207,803 | 308,978 |
| Other | - | - | - |
| Personnel Loans - FC-indexed | - | - | - |
| Housing Loans | - | - | - |
| Automobile Loans | - | - | - |
| General Purpose Loans | - | - | - |
| Other | - | - | - |
| Personnel Loans – FC | 268 | - | 268 |
| Housing Loans | - | - | - |
| Automobile Loans | - | - | - |
| General Purpose Loans | 268 | - | 268 |
| Other | - | - | - |
| Personnel Credit Cards – TL | 375,668 | 1,164 | 376,832 |
| With Installment | 163,197 | 1,164 | 164,361 |
| Without Installment | 212,471 | - | 212,471 |
| Personnel Credit Cards – FC | 4,995 | - | 4,995 |
| With Installment | - | - | - |
| Without Installment | 4,995 | - | 4,995 |
| Deposit Accounts– TL (Real persons) | 11,771,532 | - | 11,771,532 |
| Deposit Accounts– TL (Personnel) | 33,515 | - | 33,515 |
| Deposit Accounts– FC (Real persons) | - | - | - |
| Total | 113,817,567 | 92,230,755 | 206,048,322 |

| <i>Prior Period</i> | Short-Term | Medium and Long-Term | Total |
|--|-------------------|-----------------------------|--------------------|
| Consumer Loans – TL | 2,656,866 | 79,155,724 | 81,812,590 |
| Housing Loans | 27,930 | 25,280,926 | 25,308,856 |
| Automobile Loans | 202,670 | 2,205,953 | 2,408,623 |
| General Purpose Loans | 2,426,266 | 51,668,845 | 54,095,111 |
| Other | - | - | - |
| Consumer Loans – FC-indexed | - | 159,261 | 159,261 |
| Housing Loans | - | 159,261 | 159,261 |
| Automobile Loans | - | - | - |
| General Purpose Loans | - | - | - |
| Other | - | - | - |
| Consumer Loans – FC | 964 | 90,807 | 91,771 |
| Housing Loans | - | 59,419 | 59,419 |
| Automobile Loans | 339 | 17,151 | 17,490 |
| General Purpose Loans | 625 | 14,237 | 14,862 |
| Other | - | - | - |
| Retail Credit Cards – TL | 37,235,731 | 182,542 | 37,418,273 |
| With Installment | 17,286,717 | 182,542 | 17,469,259 |
| Without Installment | 19,949,014 | - | 19,949,014 |
| Retail Credit Cards – FC | 160,730 | - | 160,730 |
| With Installment | - | - | - |
| Without Installment | 160,730 | - | 160,730 |
| Personnel Loans – TL | 40,277 | 192,755 | 233,032 |
| Housing Loan | - | 399 | 399 |
| Automobile Loans | - | - | - |
| General Purpose Loans | 40,277 | 192,356 | 232,633 |
| Other | - | - | - |
| Personnel Loans - FC-indexed | - | - | - |
| Housing Loans | - | - | - |
| Automobile Loans | - | - | - |
| General Purpose Loans | - | - | - |
| Other | - | - | - |
| Personnel Loans – FC | 427 | - | 427 |
| Housing Loans | - | - | - |
| Automobile Loans | - | - | - |
| General Purpose Loans | 427 | - | 427 |
| Other | - | - | - |
| Personnel Credit Cards – TL | 194,448 | 493 | 194,941 |
| With Installment | 66,422 | 493 | 66,915 |
| Without Installment | 128,026 | - | 128,026 |
| Personnel Credit Cards – FC | 1,792 | - | 1,792 |
| With Installment | - | - | - |
| Without Installment | 1,792 | - | 1,792 |
| Deposit Accounts– TL (Real persons) | 3,808,407 | - | 3,808,407 |
| Deposit Accounts– TL (Personnel) | 17,627 | - | 17,627 |
| Deposit Accounts– FC (Real persons) | - | - | - |
| Total | 44,117,269 | 79,781,582 | 123,898,851 |

5.1.5.5 *Installment based commercial loans and corporate credit cards*

| <i>Current Period</i> | Short-Term | Medium and Long-Term | Total |
|--|-------------------|----------------------|-------------------|
| Installment-based Commercial Loans – TL | 12,561,101 | 22,141,353 | 34,702,454 |
| Real Estate Loans | 70,442 | 951,074 | 1,021,516 |
| Automobile Loans | 3,921,391 | 13,059,913 | 16,981,304 |
| General Purpose Loans | 8,569,268 | 8,130,366 | 16,699,634 |
| Other | - | - | - |
| Installment-based Commercial Loans - FC-indexed | - | 58,630 | 58,630 |
| Real Estate Loans | - | 34,596 | 34,596 |
| Automobile Loans | - | - | - |
| General Purpose Loans | - | 24,034 | 24,034 |
| Other | - | - | - |
| Installment-based Commercial Loans – FC | 4,004 | 1,220,868 | 1,224,872 |
| Real Estate Loans | - | - | - |
| Automobile Loans | 3,711 | 1,162,036 | 1,165,747 |
| General Purpose Loans | 293 | 58,832 | 59,125 |
| Other | - | - | - |
| Corporate Credit Cards – TL | 26,835,060 | 631,801 | 27,466,861 |
| With Installment | 14,729,618 | 631,801 | 15,361,419 |
| Without Installment | 12,105,442 | - | 12,105,442 |
| Corporate Credit Cards – FC | 102,876 | - | 102,876 |
| With Installment | - | - | - |
| Without Installment | 102,876 | - | 102,876 |
| Deposit Accounts– TL (Corporates) | 5,346,111 | - | 5,346,111 |
| Deposit Accounts– FC (Corporates) | - | - | - |
| Total | 44,849,152 | 24,052,652 | 68,901,804 |

| <i>Prior Period</i> | Short-Term | Medium and Long-Term | Total |
|--|-------------------|----------------------|-------------------|
| Installment-based Commercial Loans – TL | 1,379,259 | 16,509,497 | 17,888,756 |
| Real Estate Loans | 5,772 | 917,076 | 922,848 |
| Automobile Loans | 423,952 | 7,368,245 | 7,792,197 |
| General Purpose Loans | 949,535 | 8,224,176 | 9,173,711 |
| Other | - | - | - |
| Installment-based Commercial Loans - FC-indexed | - | 165,120 | 165,120 |
| Real Estate Loans | - | 49,357 | 49,357 |
| Automobile Loans | - | 4,701 | 4,701 |
| General Purpose Loans | - | 111,062 | 111,062 |
| Other | - | - | - |
| Installment-based Commercial Loans – FC | 935 | 1,270,044 | 1,270,979 |
| Real Estate Loans | - | - | - |
| Automobile Loans | 935 | 1,157,872 | 1,158,807 |
| General Purpose Loans | - | 112,172 | 112,172 |
| Other | - | - | - |
| Corporate Credit Cards – TL | 11,009,417 | 264,358 | 11,273,775 |
| With Installment | 5,707,835 | 264,358 | 5,972,193 |
| Without Installment | 5,301,582 | - | 5,301,582 |
| Corporate Credit Cards – FC | 44,261 | - | 44,261 |
| With Installment | - | - | - |
| Without Installment | 44,261 | - | 44,261 |
| Deposit Accounts– TL (Corporates) | 2,371,137 | - | 2,371,137 |
| Deposit Accounts– FC (Corporates) | - | - | - |
| Total | 14,805,009 | 18,209,019 | 33,014,028 |

5.1.5.6 Allocation of loans by customers

| | <i>Current Period</i> | <i>Prior Period</i> |
|----------------|-----------------------|---------------------|
| Public Sector | 11,138,302 | 2,592,685 |
| Private Sector | 640,649,972 | 406,190,700 |
| Total | 651,788,274 | 408,783,385 |

(*) Non-performing loans are not included.

5.1.5.7 Allocation of domestic and foreign loans (*)

| | <i>Current Period</i> | <i>Prior Period</i> |
|----------------|-----------------------|---------------------|
| Domestic Loans | 646,440,928 | 405,793,659 |
| Foreign Loans | 5,347,346 | 2,989,726 |
| Total | 651,788,274 | 408,783,385 |

(*) Non-performing loans are not included.

5.1.5.8 Loans to associates and subsidiaries

| | <i>Current Period</i> | <i>Prior Period</i> |
|------------------|-----------------------|---------------------|
| Direct Lending | 10,247,589 | 3,386,563 |
| Indirect Lending | - | - |
| Total | 10,247,589 | 3,386,563 |

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

| | <i>Current Period</i> | <i>Prior Period</i> |
|--|-----------------------|---------------------|
| Substandard Loans - Limited Collectibility | 694,649 | 472,312 |
| Doubtful Loans | 1,176,335 | 745,031 |
| Uncollectible Loans | 10,851,268 | 9,396,725 |
| Total | 12,722,252 | 10,614,068 |

5.1.5.10 Non-performing loans (NPLs) (Net)

Non-performing loans and loans restructured from this category

| | Group III | Group IV | Group V |
|------------------------------------|--------------------|-----------------------|----------------------|
| | Substandard | Doubtful Loans | Uncollectible |
| | Loans | | Loans |
| Current Period | | | |
| (Gross Amounts before Provisions) | 236,523 | 415,242 | 7,164,867 |
| Restructured Loans and Receivables | 236,523 | 415,242 | 7,164,867 |
| Prior Period | | | |
| (Gross Amounts before Provisions) | 2,255 | 421,547 | 5,998,872 |
| Restructured Loans and Receivables | 2,255 | 421,547 | 5,998,872 |

Movements in non-performing loans groups

| <i>Current Period</i> | Group III | Group IV | Group V |
|--|--------------------------|-----------------------|----------------------------|
| | Substandard Loans | Doubtful Loans | Uncollectible Loans |
| Balances at End of Prior Period | 1,029,387 | 1,315,573 | 13,726,255 |
| Additions (+) | 4,720,818 | 42,057 | 7,763,212 |
| Transfer from Other NPL Categories (+) | - | 3,714,530 | 2,593,994 |
| Transfer to Other NPL Categories (-) | 3,714,530 | 2,593,994 | - |
| Collections during the Period (-) | 580,246 | 654,680 | 2,361,132 |
| Write down / Write-offs (-) ^(*) ^(**) | - | - | 8,183,707 |
| Debt Sale (-) ^(***) | - | - | 694,221 |
| Corporate and Commercial Loans | - | - | 155,577 |
| Retail Loans | - | - | 386,123 |
| Credit Cards | - | - | 152,521 |
| Other ^(****) | - | - | (254,928) |
| Foreign Currency Differences | 3,659 | 12,001 | 1,728,464 |
| Balances at End of Period | 1,459,088 | 1,835,487 | 14,317,937 |
| Provisions (-) | 694,649 | 1,176,335 | 10,851,268 |
| Net Balance on Balance Sheet | 764,439 | 659,152 | 3,466,669 |

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

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

(**) As the details are explained in the section 3.8.5 Disclosures on write down policy, the Bank has written off its Fifth Group-Loss Loans amounting to TL 10,837,948 as of 31 December 2022 (31 December 2021: TL 9,447,212). As of 31 December 2022, the Bank's NPL ratio is measured as 4.18% (31 December 2021: 5.88%) instead of 2.63% (31 December 2021: 3.78%) when the calculation is made by taking into account the loans written off. In the current period, firstly, the loan granted to LYY Telekomünikasyon A.Ş. amounting to USD 459,033,539 (TL 7,576,349) has been transferred as non-performing loans and has been written-down at the same time and then has been written-off.

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

(****) As of 31 December 2022, includes receivables of TL 254,928 (31 December 2021: TL 602,424), which have been reclassified to non-defaulted status.

Non-performing loans in foreign currencies

| | Group III | Group IV | Group V |
|-------------------------------------|--|---|--|
| | Substandard Loans and Receivables | Doubtful Loans and Receivables | Uncollectible Loans and Receivables |
| <i>Current Period</i> | | | |
| Balance at End of Period | 154,042 | 151,241 | 9,541,718 |
| Provisions (-) | 30,183 | 147,302 | 7,238,679 |
| Net Balance at Balance Sheet | 123,859 | 3,939 | 2,303,039 |
| <i>Prior Period</i> | | | |
| Balance at End of Period | 81,297 | 164,829 | 8,715,509 |
| Provisions (-) | 57,047 | 140,624 | 5,689,400 |
| Net Balance at Balance Sheet | 24,250 | 24,205 | 3,026,109 |

Gross and net non-performing loans as per customer categories

| | Group III | Group IV | Group V |
|--|------------------------------|---------------------------|--------------------------------|
| | Substandard Loans | Doubtful Loans | Uncollectible Loans |
| <i>Current Period (Net)</i> | | | |
| Loans to Individuals and Corporates (Gross) | 1,459,088 | 1,835,487 | 14,317,937 |
| Provision (-) | 694,649 | 1,176,335 | 10,851,268 |
| Loans to Individuals and Corporates (Net) | 764,439 | 659,152 | 3,466,669 |
| Banks (Gross) | - | - | - |
| Provision (-) | - | - | - |
| Banks (Net) | - | - | - |
| Other loans (gross) | - | - | - |
| Provision (-) | - | - | - |
| Other Loans (Net) | - | - | - |
| <i>Prior Period (Net)</i> | | | |
| Loans to Individuals and Corporates (Gross) | 1,029,387 | 1,315,573 | 13,726,255 |
| Provision (-) | 472,312 | 745,031 | 9,396,725 |
| Loans to Individuals and Corporates (Net) | 557,075 | 570,542 | 4,329,530 |
| Banks (Gross) | - | - | - |
| Provision (-) | - | - | - |
| Banks (Net) | - | - | - |
| Other loans (gross) | - | - | - |
| Provision (-) | - | - | - |
| Other Loans (Net) | - | - | - |

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

| | Group III Substandard Loans | Group IV Doubtful Loans | Group V Uncollectible Loans |
|--|-----------------------------------|-------------------------------|-----------------------------------|
| Current Period (Net) | 51,434 | 54,103 | 200,074 |
| Interest accruals and valuation differences | 104,589 | 137,702 | 726,759 |
| Provision (-) | 53,155 | 83,599 | 526,685 |
| Prior Period (Net) | 47,832 | 70,183 | 231,286 |
| Interest accruals and valuation differences | 87,084 | 149,308 | 839,445 |
| Provision (-) | 39,252 | 79,125 | 608,159 |

Collaterals received for non-performing loans

| Current Period | Corporate/ Commercial Loans | Consumer Loans | Credit Cards | Total |
|---|--------------------------------|-------------------|------------------|-------------------|
| Loans Collateralized by Cash | 9,267 | 235 | - | 9,502 |
| Loans Collateralized by Mortgages | 7,986,946 | 150,782 | - | 8,137,728 |
| Loans Collateralized by Pledged Assets | 1,411,306 | 20,525 | - | 1,431,831 |
| Loans Collateralized by Cheques and Notes | 113,334 | 1,195 | - | 114,529 |
| Loans Collateralized by Other Collaterals | 2,553,241 | 2,590,843 | - | 5,144,084 |
| Unsecured Loans | 1,275,748 | 346,673 | 1,152,417 | 2,774,838 |
| Total | 13,349,842 | 3,110,253 | 1,152,417 | 17,612,512 |

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

5.1.5.11 Expected credit loss for loans

| Current Period | Stage 1 | Stage 2 | Stage 3 | Total |
|--|------------------|-------------------|-------------------|-------------------|
| Balances at End of Prior Period | 2,450,350 | 13,680,262 | 10,614,068 | 26,744,680 |
| Additions during the Period (+) | 8,604,591 | 10,598,922 | 10,456,688 | 29,660,201 |
| Disposals (-) | (10,026,578) | (4,789,966) | (1,761,372) | (16,577,916) |
| Debt Sales (-) | - | - | (694,221) | (694,221) |
| Write-offs (-) | - | - | (8,183,707) | (8,183,707) |
| Transfer to Stage1 | 3,347,011 | (3,341,643) | (5,368) | - |
| Transfer to Stage 2 | (956,869) | 1,026,451 | (69,582) | - |
| Transfer to Stage 3 | (15,839) | (1,113,236) | 1,129,075 | - |
| Foreign Currency Differences | 278,621 | 4,102,483 | 1,236,671 | 5,617,775 |
| Balances at End of Period | 3,681,287 | 20,163,273 | 12,722,252 | 36,566,812 |

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

5.1.5.12 Liquidation policy for uncollectible loans and receivables

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

5.1.5.13 Write-off policy

5.1.5.13.1 Disclosures on write down policy

As of 31 December 2022, in accordance with the relevant accounting policy the Bank has written down "Group V Loan" (Loans Classified as Loss) amounting to TL 10,837,948 (31 December 2021 TL 9,447,212). During the period, the non-performing loan ratio of the Bank calculated as 4.18% (31 December 2021: 5.88%) by taking into account the written-off loans in accordance with the amendment on the relevant Provisions Regulation instead of 2.63% to (31 December 2021: 3.78%).

| | <i>Prior Period</i> | | <i>Current Period</i> | |
|----------------------|---------------------|-----------|-----------------------|-----------|
| | TL | FC | TL | FC |
| Write down | | | | |
| Credit Card | 331,263 | - | 491,568 | - |
| Other Loans | 7,544,804 | 2,626,261 | 2,406,870 | 6,284,304 |
| Interest Receivables | 157,506 | 178,114 | 20,831 | 243,639 |

5.1.5.13.2 Disclosures on write-off policy

The general policy of the Bank regarding write-off process for loans under follow-up is to write-off the loans which are documented as uncollectible during the legal follow-up process. Total loans written-off from assets are TL 7,576,349 in the current reporting period (Prior period: TL 41,331).

5.1.6 Lease receivable

None.

5.1.7 Financial assets measured at amortised cost

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

| | <i>Current Period</i> | | <i>Prior Period</i> | |
|--|-----------------------|-------------------|---------------------|-------------------|
| | TL | FC | TL | FC |
| Collateralised/Blocked Investments | 52,040,944 | 20,978,687 | 17,046,913 | 16,002,062 |
| Investments subject to Repurchase Agreements | 42,589 | 16,293,681 | 4,014,558 | 1,175,157 |
| Total | 52,083,533 | 37,272,368 | 21,061,471 | 17,177,219 |

5.1.7.2 Government securities measured at amortised cost

| | <i>Current Period</i> | <i>Prior Period</i> |
|-----------------------------|-----------------------|---------------------|
| Government Bonds | 97,364,114 | 39,826,467 |
| Treasury Bills | 174,069 | 135,878 |
| Other Government Securities | 7,726,350 | - |
| Total | 105,264,533 | 39,962,345 |

5.1.7.3 Financial assets measured at amortised cost

| | <i>Current Period</i> | <i>Prior Period</i> |
|--------------------------------------|-----------------------|---------------------|
| Debt Securities | 88,789,451 | 34,272,288 |
| Quoted at Stock Exchange | 85,701,873 | 32,093,774 |
| Unquoted at Stock Exchange | 3,087,578 | 2,178,514 |
| Valuation Increase/(Decrease) | 19,438,404 | 7,753,036 |
| Total | 108,227,855 | 42,025,324 |

5.1.7.4 Movement of financial assets measured at amortised cost

| | <i>Current Period</i> | <i>Prior Period</i> |
|---|-----------------------|---------------------|
| Balances at Beginning of Period | 42,025,324 | 34,341,219 |
| Foreign Currency Differences On Monetary Assets | 13,047,049 | 8,939,724 |
| Purchases during the Period | 47,010,076 | 538,393 |
| Disposals through Sales/Redemptions | (5,539,962) | (3,976,018) |
| Valuation Effect | 11,685,368 | 2,182,006 |
| Balances at End of Period | 108,227,855 | 42,025,324 |

5.1.7.5 Expected credit loss for financial assets measured at amortised cost

| <i>Current Period</i> | <i>Stage 1</i> | <i>Stage 2</i> | <i>Stage 3</i> | <i>Total</i> |
|--|----------------|----------------|----------------|----------------|
| Balances at End of Prior Period | 51,513 | - | - | 51,513 |
| Additions during the Period (+) | 419,449 | - | - | 419,449 |
| Disposal (-) | (29,533) | - | - | (29,533) |
| Transfer to Stage 1 | - | - | - | - |
| Transfer to Stage 2 | - | - | - | - |
| Transfer to Stage 3 | - | - | - | - |
| Foreign Currency Differences | 31,103 | - | - | 31,103 |
| Balances at End of Period | 472,532 | - | - | 472,532 |

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

5.1.8 Assets held for sale and assets of discontinued operations

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

| | <i>Current Period</i> | <i>Prior Period</i> |
|---|-----------------------|---------------------|
| End of Prior Period | | |
| Cost | 542,860 | 779,713 |
| Accumulated Depreciation (-) | (10,213) | (11,680) |
| Net Book Value | 532,647 | 768,033 |
| End of Current Period | | |
| Additions | 545,367 | 202,565 |
| Disposals (Cost) | (325,341) | (462,615) |
| Disposals (Accumulated Depreciation) | 8,038 | 1,467 |
| Impairment Losses | 6,871 | 23,197 |
| Depreciation Expense for Current Period (-) | - | - |
| Cost | 769,757 | 542,860 |
| Accumulated Depreciation (-) | (2,175) | (10,213) |
| Net Book Value | 767,582 | 532,647 |

5.1.8.2 Investments in subsidiaries and associates to be disposed

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

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

As per the decision made at the 2018 annual general assembly of related special purpose entity, it was decided to increase the capital of the special purpose entity by TL 3,982,230, all of which will be covered by common receivables. The Entity's paid-in capital after the general assembly had been TL 3,982,280. The Bank's shareholding ratios in the Entity's capital did not change as a result of the increase, and the nominal value of the direct shares increased from TL 11 to TL 881.140 and the number of shares increased from 1,106,325 to 88,114,036,863. As explained the details before the capital increase in Note 5.1.2.2, valuation differences recorded on the financial asset are presented as impairment in Assets Held for Sale and Discontinued Operations after capital increase. In 2020, all of the assets acquired under TFRS 5 was impaired. The liquidation of the related special purpose entity has been registered in Trade Registry Gazette dated 28 December 2022 and numbered 10735. As of 31 December 2022, the capital share amounting to TL 881,140, which is fully impaired, has been written off regarding to completion of the liquidation process.

5.1.9 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 A.Ş. (1) | İstanbul / Turkey | 4.98 | 4.98 |
| 2 | Yatırım Finansman Menkul Değerler A.Ş. (1) | İstanbul / Turkey | 0.77 | 0.77 |
| 3 | İstanbul Takas Ve Saklama Bankası A.Ş.(1) | İstanbul / Turkey | 4.95 | 4.97 |
| 4 | Borsa İstanbul A.Ş. (2) | İstanbul / Turkey | 0.30 | 0.34 |
| 5 | KKB Kredi Kayıt Bürosu A.Ş.(1) | İstanbul / Turkey | 9.09 | 9.09 |
| 6 | TCMB (2) | Ankara / Turkey | 2.48 | 2.48 |
| 7 | Kredi Garanti Fonu A.Ş (1) | Ankara / Turkey | 1.49 | 1.49 |
| 8 | Jcr Avrasya Derecelendirme A.Ş. | İstanbul / Turkey | 2.86 | 2.86 |
| 9 | Birleşik İpotek Finansmanı A.Ş. (1) | İstanbul / Turkey | 8.33 | 8.33 |
| 10 | İhracatı Geliştirme A.Ş. (1) | İstanbul / Turkey | 2.18 | 2.18 |

| | 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 | 679,563 | 579,361 | 119,394 | 53,202 | - | 207,418 | 93,651 | - |
| 2 | 3,151,188 | 309,705 | 10,465 | 16,405 | 2,706 | 79,461 | 55,173 | - |
| 3 | 69,545,788 | 3,858,400 | 145,166 | 959,546 | 144,416 | 1,071,449 | 655,999 | - |
| 4 | 48,592,331 | 6,073,643 | 630,443 | 348,746 | - | 1,754,959 | 1,242,390 | - |
| 5 | 766,973 | 155,774 | 323,981 | 25,990 | 1,247 | 29,975 | 47,719 | - |
| 6 | 2,496,216,496 | 65,962,045 | 925,593 | 121,429,271 | 10,201,824 | 57,483,159 | 34,497,932 | - |
| 7 | 1,975,639 | 1,186,043 | 25,815 | 94,539 | - | 205,844 | 87,976 | - |
| 8 | 200,422 | 168,823 | 29,346 | 15,837 | - | 102,094 | 58,825 | - |
| 9 | 76,125 | 68,736 | 2,658 | 8,665 | 116 | 16,684 | 2,508 | - |
| 10 | 2,853,232 | 2,851,560 | 2,099 | 350,206 | - | 584,954 | - | - |

(1) Financial information is as of 30 September 2022.

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

5.1.9.2 Movement of investments in associates

| | Current Period | Prior Period |
|--|----------------|---------------|
| Balance at Beginning of Period | 47,221 | 45,780 |
| Movements during the Period | 63,718 | 1,441 |
| Acquisitions(*) | 80,816 | - |
| Bonus Shares Received | 1,364 | - |
| Dividends from Current Year Profit | - | - |
| Sales | - | - |
| Increase in Market Values | - | - |
| Impairment Reversals/(Losses) | (18,462) | 1,441 |
| Balance at End of Period | 110,939 | 47,221 |
| Capital Commitments | - | - |
| Share Percentage at the End of Period (%) | - | - |

(*)The Bank has participated in İhracatı Geliştirme A.Ş. as a shareholder at a rate of 2.18% by paying a total of TL 80,816 (TL 40,408 capital and TL 40,408 bonus) through capital increase.

5.1.9.3 Sectoral distribution of investments and associates

| Investments in Associates | Current Period | Prior Period |
|----------------------------------|-----------------------|---------------------|
| Banks | 25,557 | 25,557 |
| Insurance Companies | - | - |
| Factoring Companies | - | - |
| Leasing Companies | - | - |
| Finance Companies | - | - |
| Other Associates | 85,382 | 21,664 |

5.1.9.4 Quoted associates

None.

5.1.9.5 Valuation methods of investments in associates

| Investments in Associates | Current Period | Prior Period |
|----------------------------------|-----------------------|---------------------|
| Valued at Cost | 110,939 | 47,221 |
| Valued at Fair Value | - | - |

5.1.9.6 Investments in associates sold during the current period

None.

5.1.9.7 Investments in associates acquired during the current period

The bank has joined İhracatı Geliştirme A.Ş. as a shareholder of 2.18%, paying a total of TL 80,816 which consists TL 40,408 of capital and TL 40,408 of bonus, through capital increase.

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.

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

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

5.1.10.2 Investments in subsidiaries

| | Subsidiary | Address (City/ Country) | Bank's Share – If Different, Voting Rights (%) | Bank's Risk Group Share (%) |
|----|--|---------------------------|--|-----------------------------|
| 1 | Garanti Ödeme Sistemleri A.Ş. | Istanbul/Turkey | 99.96 | 100.00 |
| 2 | Garanti Kültür A.Ş. | Istanbul/Turkey | 100.00 | 100.00 |
| 3 | Garanti Konut Finansmanı Danışmanlık Hizmetleri A.Ş. | Istanbul/Turkey | 100.00 | 100.00 |
| 4 | Garanti Finansal Kiralama A.Ş. | Istanbul/Turkey | 100.00 | 100.00 |
| 5 | Garanti Faktoring A.Ş. | Istanbul/Turkey | 81.84 | 81.84 |
| 6 | Garanti Yatırım Menkul Kıymetler A.Ş. | Istanbul/Turkey | 100.00 | 100.00 |
| 7 | Garanti Portföy Yönetimi A.Ş. | Istanbul/Turkey | 100.00 | 100.00 |
| 8 | Garanti Emeklilik A.Ş. | Istanbul/Turkey | 84.91 | 84.91 |
| 9 | Garanti Bank International Nv | Amsterdam/the Netherlands | 100.00 | 100.00 |
| 10 | Garanti Holding Bv | Amsterdam/the Netherlands | 100.00 | 100.00 |
| 11 | Garanti Ödeme ve Elektronik Para Hizmetleri A.Ş. | Istanbul/Turkey | 50.00 | 100.00 |

Financial data presented in the table below is as of 31 December 2022.

| | Total Assets | Shareholder s' Equity | Total Fixed Assets (*) | Interest Income | Income on Securities Portfolio | Current Period Profit/Loss | Prior Period Profit/Loss | Company's Fair Value |
|----|--------------|-----------------------|------------------------|-----------------|--------------------------------|----------------------------|--------------------------|----------------------|
| 1 | 213,362 | 121,187 | 368 | 10,571 | - | 36,169 | 21,156 | - |
| 2 | 4,862 | 1,665 | 606 | - | - | 221 | 215 | - |
| 3 | 7,074 | 3,302 | - | 685 | - | (525) | 958 | - |
| 4 | 16,613,040 | 3,770,119 | 24,124 | 1,410,808 | - | 1,412,789 | 704,174 | - |
| 5 | 9,670,054 | 692,074 | 16,461 | 1,310,264 | - | 350,742 | 131,936 | - |
| 6 | 4,839,278 | 2,230,547 | 32,194 | 109,976 | 52,191 | 1,215,414 | 506,299 | - |
| 7 | 371,741 | 319,443 | 1,718 | 30,191 | 2,750 | 153,420 | 67,583 | - |
| 8 | 4,973,561 | 2,045,305 | 39,286 | 359,236 | 182,068 | 998,935 | 634,738 | - |
| 9 | 101,455,773 | 12,982,161 | 675,942 | 2,060,752 | 14,558 | 712,578 | 180,117 | - |
| 10 | 7,820,121 | 7,819,089 | - | - | - | (1,593) | (1,108) | - |
| 11 | 80,715 | 79,776 | 25,099 | 4,815 | - | (30,224) | - | - |

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

5.1.10.3 Movement of investments in subsidiaries

| | <i>Current Period</i> | <i>Prior Period</i> |
|--|-----------------------|---------------------|
| Balances at Beginning of Period | 19,922,934 | 11,806,518 |
| Movements during the Period | 9,061,607 | 8,116,416 |
| Acquisitions (*) | 105,001 | 547,842 |
| Bonus Shares Received | - | - |
| Earnings from Current Year Profit | 5,317,917 | 2,461,634 |
| Sales/Liquidations | (102,514) | - |
| Reclassification of Shares | - | - |
| Increase/(Decrease) in Market Values | (1,343,006) | (304,615) |
| Currency Differences on Foreign Subsidiaries | 4,995,295 | 5,411,555 |
| Impairment Reversals/(Losses) | 88,914 | - |
| Balance at End of Period | 28,984,541 | 19,922,934 |
| Capital Commitments | - | - |
| Share Percentage at the End of Period (%) | - | - |

(*) The Bank has adopted the registered capital system in order to operate in the fields of payment services and electronic money issuance, with Garanti Ödeme Sistemleri A.Ş. as 50%-50% shareholder including a total capital of TL 10,000; as a joint stock company, it has been decided to establish a company with the title Garanti Yazılım Teknolojileri A.Ş. and participated in this new company to be established as a founding shareholder in exchange for 5,000,000 shares with a nominal value of TL 1 (full amount). In addition, the Bank has purchased 120,000 shares of Garanti Ödeme Sistemleri A.Ş., representing 0.02% of its capital, with a nominal value of TL 1 from Garanti Kültür A.Ş. With the Board Decision dated 04/07/2022 and numbered 2022/10, the capital of Garanti Ödeme Sistemleri A.Ş., which was TL 6,000, was increased to TL 56,000 through a paid capital increase and Board Decision dated 01/07/2022 and numbered 2022/2, the capital of Garanti Yazılım Teknolojileri A.Ş., which was TL 10,000, was increased to TL 110,000 through paid capital increase.

5.1.10.4 Sectoral distribution of investments in subsidiaries

| Subsidiaries | <i>Current Period</i> | <i>Prior Period</i> |
|---------------------|-----------------------|---------------------|
| Banks | 12,949,862 | 9,177,916 |
| Insurance Companies | 1,736,718 | 1,220,282 |
| Factoring Companies | 566,300 | 282,948 |
| Leasing Companies | 3,769,188 | 2,360,096 |
| Finance Companies | - | - |
| Other Subsidiaries | 9,962,473 | 6,881,692 |

5.1.10.5 Quoted consolidated investments in subsidiaries

| | <i>Current Period</i> | <i>Prior Period</i> |
|-----------------------------------|-----------------------|---------------------|
| Quoted at Domestic Stock Exchange | 566,300 | 282,948 |
| Quoted at Foreign Stock Exchange | - | - |

5.1.10.6 Valuation methods of investments in subsidiaries

| Subsidiaries | <i>Current Period</i> | <i>Prior Period</i> |
|--------------------------|-----------------------|---------------------|
| Valued at Cost | - | - |
| Valued at Fair Value (*) | 28,984,541 | 19,922,934 |

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

5.1.10.7 Investments in subsidiaries disposed during the current period

The liquidation process of Garanti Bilişim Teknolojisi ve Ticaret Türk A.Ş. was completed in September/2022.

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

| | Real Estates | Right-of-use Assets | Vehicles | Other Tangible Assets | Total |
|---|------------------|---------------------|-----------------|-----------------------|--------------------|
| At End of Prior Period: | | | | | |
| Cost | 3,419,895 | 1,403,597 | 32,838 | 3,498,880 | 8,355,210 |
| Accumulated Depreciation (-) | (81,428) | (700,043) | (14,521) | (2,364,277) | (3,160,269) |
| Net Book Value at End of Prior Period | 3,338,467 | 703,554 | 18,317 | 1,134,603 | 5,194,941 |
| At End of Current Period: | | | | | |
| Additions | 88,423 | 797,568 | 8,674 | 1,041,539 | 1,936,204 |
| Revaluation Model Difference | 3,843,219 | - | - | - | 3,843,219 |
| Revaluation Model Difference (Accumulated Depreciation) | - | - | - | - | - |
| Transfers to Investment Property | (19,750) | - | - | - | (19,750) |
| Disposals (Costs) | (5,560) | (236,449) | (1,177) | (273,552) | (516,738) |
| Disposals (Accumulated Depreciation) | 128,077 | 37,036 | 1,177 | 53,781 | 220,071 |
| Impairment/Reversal of Impairment Losses | 123,100 | - | - | - | 123,100 |
| Depreciation Expense for Current Period (-) | (59,454) | (330,177) | (3,031) | (419,118) | (811,780) |
| Cost at End of Current Period | 7,449,327 | 1,964,716 | 40,335 | 4,266,867 | 13,721,245 |
| Accumulated Depreciation at End of Current | (12,805) | (993,184) | (16,375) | (2,729,614) | (3,751,978) |
| Net Book Value at End of Current Period | 7,436,522 | 971,532 | 23,960 | 1,537,253 | 9,969,267 |

The Bank accounts its real estates recorded under tangible assets based on the revaluation model in accordance with the Turkish Accounting Standard 16 (TAS 16) “Property, Plant and Equipment”. Accordingly, for all real estates registered in the ledger, valuation studies are performed by independent expertise firms.

5.1.13 Intangible assets

5.1.13.1 Useful lives and amortisation rates

Intangible assets include softwares and other intangible assets. The estimated useful lives of such assets vary between 3 and 15 years.

5.1.13.2 Amortisation methods

Intangible assets are amortised on a straight-line basis from the date of capitalisation.

5.1.13.3 Balances at end of current period

| | Beginning of Period | | End of Period | |
|-------------------|---------------------|--------------------------|---------------|--------------------------|
| | Cost | Accumulated Amortisation | Cost | Accumulated Amortisation |
| Intangible Assets | 1,848,340 | 824,351 | 1,415,041 | 643,373 |

5.1.13.4 Movements of intangible assets for current period

| | Current Period | Prior Period |
|---|------------------|----------------|
| Net Book Value at End of Prior Period | 771,668 | 454,552 |
| Internally Generated Intangibles | 60,492 | 56,630 |
| Additions due to Mergers, Transfers and Acquisition | 578,405 | 347,142 |
| Disposals (-) | (208,174) | (65,726) |
| Impairment Losses/Reversals to/from Revaluation Surplus | - | - |
| Impairment Losses Recorded in Income Statement | - | - |
| Impairment Losses Reversed from Income Statement | - | - |
| Amortisation Expense for Current Period (-) | (182,284) | (106,119) |
| Currency Translation Differences on Foreign Operations | - | - |
| Other Movements | 3,882 | 85,189 |
| Net Book Value at End of Current Period | 1,023,989 | 771,668 |

5.1.13.5 Details for any individually material intangible assets

None.

5.1.13.6 Intangible assets capitalised under government incentives at fair values

None.

5.1.13.7 Revaluation method of intangible assets capitalised under government incentives and valued at fair values at capitalisation dates

None.

5.1.13.8 Net book value of intangible asset that are restricted in usage or pledged

None.

5.1.13.9 Commitments to acquire intangible assets

None.

5.1.13.10 Disclosure on revalued intangible assets

None.

5.1.13.11 Research and development costs expensed during current period

None.

5.1.13.12 Goodwill

None.

5.1.13.13 Movements in goodwill during current period

None.

5.1.14 Investment property

| | <i>Current Period</i> | <i>Prior Period</i> |
|---|-----------------------|---------------------|
| Net Book Value at Beginning Period | 814,148 | 704,701 |
| Additions | 7,471 | - |
| Disposals | (119,212) | (23,930) |
| Transfers | (44,567) | 68,660 |
| Fair Value Change | 1,157,470 | 64,717 |
| Net Book Value at End of Period | 1,815,310 | 814,148 |

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

5.1.15 Deferred tax asset

As of 31 December 2022, the Bank has a deferred tax asset of TL 6,769,614 (31 December 2021: TL 4,226,924) calculated as the net amount remaining after netting of tax deductible timing differences and taxable timing differences.

As of 31 December 2022, the Bank has a deferred tax asset of TL 11,015,819 (31 December 2021: TL 6,675,223) calculated on all taxable temporary differences arising between the carrying amounts and the taxable amounts of assets and liabilities on the financial statements that will be considered in the calculation of taxable earnings in the future periods and on tax losses, which is presented as netted-off with a deferred tax liability of TL 4,246,205 (31 December 2021: TL 2,448,299) on all taxable temporary differences arising between the carrying amounts and the taxable amounts of assets and liabilities on the financial statements that will be considered in the calculation of taxable earnings in the future periods.

For the cases where such differences are related with certain items on the shareholders' equity accounts, the deferred taxes are charged or credited directly to these accounts.

| | <i>Current Period</i> | | <i>Prior Period</i> | |
|---|-----------------------|----------------------------|---------------------|----------------------------|
| | Tax Base | Deferred Tax Amount | Tax Base | Deferred Tax Amount |
| Provisions (*) | 4,290,078 | 1,071,475 | 8,803,115 | 1,991,054 |
| Stages 1&2 Credit Losses | 29,036,636 | 7,029,514 | 17,663,098 | 3,626,623 |
| Differences between the Carrying Values and Taxable Values of Financial Assets (**) | (2,097,142) | (373,790) | (5,866,523) | (1,305,186) |
| Revaluation Differences on Real Estates | (7,447,048) | (1,154,607) | (2,440,508) | (298,948) |
| Other | 741,983 | 197,022 | 894,465 | 213,381 |
| Deferred Tax Asset | 24,524,507 | 6,769,614 | 19,053,647 | 4,226,924 |

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

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

5.1.16 Other Assets

| | <i>Current Period</i> | | <i>Prior Period</i> | |
|---|-----------------------|------------------|---------------------|------------------|
| | TL | FC | TL | FC |
| Derivative Financial Assets (Derivative Guarantees) | 351,203 | 2,620,719 | 720,637 | 4,439,594 |
| Receivables From Clearing Transactions | 14,572,861 | 164,132 | 7,015,825 | 58,404 |
| Prepaid Expenses(*) | 18,745,832 | 918 | 3,005,409 | 1,875 |
| Cash Guarantees Given | 16,001 | 1,974,702 | 14,077 | 1,448,885 |
| Receivables From Forward Sale of Assets | 65,137 | - | 105,137 | - |
| Other | 2,912,976 | 725,211 | 1,156,684 | 259,535 |
| Total | 36,664,010 | 5,485,682 | 12,017,769 | 6,208,293 |

(*)The change in the related item is mainly due to the salary promotion payments made in the current period.

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 |
|----------------------------------|--------------------|---------------|-------------------|--------------------|-------------------|-------------------|-------------------|-------------------------------|--------------------|
| Saving Deposits | 58,493,129 | - | 9,395,834 | 177,231,319 | 6,112,481 | 3,509,677 | 16,198,229 | 686 | 270,941,355 |
| Foreign Currency Deposits | 230,819,127 | - | 19,320,363 | 60,515,888 | 2,287,443 | 2,729,592 | 3,537,354 | 43,513 | 319,253,280 |
| Residents in Turkey | 217,770,809 | - | 19,094,032 | 57,046,224 | 2,018,913 | 2,464,758 | 2,213,834 | 42,784 | 300,651,354 |
| Residents in Abroad | 13,048,318 | - | 226,331 | 3,469,664 | 268,530 | 264,834 | 1,323,520 | 729 | 18,601,926 |
| Public Sector Deposits | 3,155,441 | - | 14,677 | 22,606 | 814 | 9 | - | - | 3,193,547 |
| Commercial Deposits | 50,678,497 | - | 43,150,240 | 35,627,159 | 2,169,987 | 6,741,621 | 5,162,729 | - | 143,530,233 |
| Other | 905,434 | - | 730,655 | 2,489,086 | 2,311,118 | 744,246 | 1,420,901 | - | 8,601,440 |
| Precious Metal Deposits | 42,187,783 | - | - | 732,265 | 268,913 | 81,233 | 659,280 | - | 43,929,474 |
| Bank Deposits(*) | 903,165 | - | 309,427 | - | - | - | 2,037 | - | 1,214,629 |
| Central Bank of Turkey | 3,410 | - | - | - | - | - | - | - | 3,410 |
| Domestic Banks | 4,798 | - | 135,060 | - | - | - | - | - | 139,858 |
| Foreign Banks | 878,462 | - | 174,367 | - | - | - | 2,037 | - | 1,054,866 |
| Special Financial Institutions | 16,495 | - | - | - | - | - | - | - | 16,495 |
| Other | - | - | - | - | - | - | - | - | - |
| Total(**) | 387,142,576 | - | 72,921,196 | 276,618,323 | 13,150,756 | 13,806,378 | 26,980,530 | 44,199 | 790,663,958 |

| <i>Prior Period</i> | Demand | 7 Days Notice | Up to 1 Month | 1-3 Months | 3-6 Months | 6-12 Months | 1 Year and Over | Accumulating Deposit Accounts | Total |
|----------------------------------|--------------------|---------------|-------------------|--------------------|-------------------|------------------|-------------------|-------------------------------|--------------------|
| Saving Deposits | 30,527,615 | - | 6,102,484 | 58,157,604 | 7,071,367 | 1,745,707 | 3,622,706 | 1,376 | 107,228,859 |
| Foreign Currency Deposits | 176,416,061 | - | 17,903,117 | 95,615,803 | 2,247,038 | 2,527,816 | 3,733,894 | 47,644 | 298,491,373 |
| Residents in Turkey | 169,327,870 | - | 17,612,374 | 92,076,118 | 1,946,446 | 2,172,884 | 2,472,061 | 47,002 | 285,654,755 |
| Residents in Abroad | 7,088,191 | - | 290,743 | 3,539,685 | 300,592 | 354,932 | 1,261,833 | 642 | 12,836,618 |
| Public Sector Deposits | 1,860,052 | - | 505,436 | 37,023 | 1,164 | 3,655 | - | - | 2,407,330 |
| Commercial Deposits | 17,748,135 | - | 28,661,511 | 10,678,166 | 291,048 | 995,198 | 2,316,373 | - | 60,690,431 |
| Other | 515,192 | - | 1,015,882 | 2,671,082 | 95,455 | 771,005 | 4,303,923 | - | 9,372,539 |
| Precious Metal Deposits | 31,629,188 | - | - | 190,945 | 334,124 | 46,781 | 717,867 | - | 32,918,905 |
| Bank Deposits(*) | 1,767,812 | - | 288,057 | 71,682 | - | - | 2,569 | - | 2,130,120 |
| Central Bank of Turkey | 3,363 | - | - | - | - | - | - | - | 3,363 |
| Domestic Banks | 12,566 | - | 1,171 | - | - | - | - | - | 13,737 |
| Foreign Banks | 628,737 | - | 286,886 | 71,682 | - | - | 2,569 | - | 989,874 |
| Special Financial Institutions | 1,123,146 | - | - | - | - | - | - | - | 1,123,146 |
| Other | - | - | - | - | - | - | - | - | - |
| Total(**) | 260,464,055 | - | 54,476,487 | 167,422,305 | 10,040,196 | 6,090,162 | 14,697,332 | 49,020 | 513,239,557 |

(*) Includes Interbank precious metal accounts.

(**) As of 31 December 2022, the Bank has a total of TL 168,381,687 (31 December 2021: TL 7,547,261) foreign exchange-protected deposit instrument of which TL 51,710,062 (31 December 2021: TL 180,250) within the scope of the "Communiqué on Supporting the Conversion of Turkish Lira Deposit and Participation Accounts" published by the CBRT in the Official Gazette dated 21 December 2021 and numbered 31696, TL 116,671,627 (31 December 2021: TL 7,367,011) opened within the scope of the announcement of the Ministry of Treasury and Finance ("Treasury") dated 24 December 2021. Foreign exchange revaluation differences amounting to TL 1,867,023 (31 December 2021: TL 806,578) regarding the foreign exchange-protected deposit instrument calculated as of the balance sheet date are presented in other assets under assets and included in deposits under liabilities.

5.2.1.1 Saving deposits insured by Saving Deposit Insurance Fund

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

| Saving Deposits | Covered by Deposit Insurance Over Deposit Insurance Limit(*) | | Over Deposit Insurance Limit | |
|--|---|--------------|------------------------------|--------------|
| | Current Period | Prior Period | Current Period | Prior Period |
| Saving Deposits (TL) | 86,360,259 | 47,996,031 | 182,675,274 | 57,884,483 |
| Foreign Currency Saving Deposits | 49,892,618 | 38,768,676 | 144,600,086 | 148,542,962 |
| Other Saving Deposits | 18,354,267 | 11,769,763 | 24,026,437 | 18,436,756 |
| Foreign Branches' Deposits Under Foreign Insurance Coverage | 1,472,283 | 1,015,243 | 1,759,315 | 1,152,172 |
| Off-Shore Branches' Deposits Under Foreign Insurance Coverage | - | - | - | - |

(*)The amount of deposits subject to insurance is TL 200 for the current period (Previous period is TL 150).

| Commercial Deposits(*) | Covered by Deposit Insurance Over Deposit Insurance Limit | | Over Deposit Insurance Limit | |
|--|--|--------------|------------------------------|--------------|
| | Current Period | Prior Period | Current Period | Prior Period |
| Commercial Deposits (TL) | 18,559,928 | - | 129,012,201 | - |
| Foreign Currency Commercial Deposits | 4,033,840 | - | 115,156,771 | - |
| Other Commercial Deposits | 76,244 | - | 1,382,546 | - |
| Foreign Branches' Deposits Under Foreign Insurance Coverage | - | - | - | - |
| Off-Shore Branches' Deposits Under Foreign Insurance Coverage | - | - | - | - |

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

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

None.

5.2.1.3 Deposits not covered by insurance limits

| Saving Deposits | Current Period | Prior Period |
|---|----------------|--------------|
| Deposits and Other Accounts held at Foreign Branches | 36,803 | 31,208 |
| Deposits and Other Accounts held by Shareholders and their Relatives | - | - |
| Deposits and Other Accounts of the Chairman and Members of Board of Directors, Chief Executive Officer, Senior Executive Officers and their Relatives | 115,450 | 198,731 |
| Deposits and Other Accounts held as Assets subject to the Crime defined in the Article 282 of the Turkish Criminal Code No. 5237 dated 26 September 2004 | - | - |
| Deposits at Depository Banks established for Off-Shore Banking Activities in Turkey | - | - |

| Commercial Deposits | Current Period | Prior Period |
|--|----------------|--------------|
| Deposits and Other Accounts held at Foreign Branches | 6,912,508 | - |
| Deposits and Other Accounts held by Main Shareholder with Qualified Shareholders and Corporates Under Their Control | 3,190,476 | - |
| Official Institutions Deposits and Other Accounts | 3,271,941 | - |
| Credit and Financial Institutions Deposits | 1,872,076 | - |

5.2.2 Funds borrowed

| | <i>Current Period</i> | | <i>Prior Period</i> | |
|---------------------------------------|-----------------------|-------------------|---------------------|-------------------|
| | TL | FC | TL | FC |
| Central Bank of Turkey | - | - | - | - |
| Domestic Banks and Institutions | 1,007,811 | 729,846 | 1,119,813 | 1,945,707 |
| Foreign Banks, Institutions and Funds | - | 33,268,398 | - | 33,747,719 |
| Total | 1,007,811 | 33,998,244 | 1,119,813 | 35,693,426 |

5.2.2.1 Maturities of funds borrowed

| | <i>Current Period</i> | | <i>Prior Period</i> | |
|----------------------|-----------------------|-------------------|---------------------|-------------------|
| | TL | FC | TL | FC |
| Short-Term | 967,641 | 701,251 | 948,797 | 470,486 |
| Medium and Long-Term | 40,170 | 33,296,993 | 171,016 | 35,222,940 |
| Total | 1,007,811 | 33,998,244 | 1,119,813 | 35,693,426 |

5.2.2.2 Disclosures for concentration areas of bank's liabilities

The Bank finances its ordinary banking activities through deposits and funds borrowed. Its deposit structure has a balanced TL and foreign currency concentration. The Bank's other funding sources specifically consist of foreign currency funds borrowed from abroad, TL funds obtained through repurchase transactions, and TL and foreign currency securities issued.

5.2.3 Money market funds

| | <i>Current Period</i> | | <i>Prior Period</i> | |
|--|-----------------------|-------------------|---------------------|------------------|
| | TL | FC | TL | FC |
| Domestic Transactions | 48,653 | 14,873,679 | 7,402,848 | - |
| Financial Institutions and Organizations | - | 10,278,030 | 7,376,780 | - |
| Other Institutions and Organizations | 19,337 | 3,121,198 | 7,613 | - |
| Individuals | 29,316 | 1,474,451 | 18,455 | - |
| Foreign Transactions | 357 | 1,398,150 | 79 | 2,226,671 |
| Financial Institutions and Organizations | - | 1,398,150 | - | 2,226,671 |
| Other Institutions and Organizations | 235 | - | - | - |
| Individuals | 122 | - | 79 | - |
| Total | 49,010 | 16,271,829 | 7,402,927 | 2,226,671 |

5.2.4 Securities issued

| <i>Current Period</i> | TL | | FC | |
|-----------------------|-------------------|-----------------------------|-------------------|-----------------------------|
| | Short-Term | Medium and Long-Term | Short-Term | Medium and Long-Term |
| Nominal | - | 990,320 | 979,852 | 12,514,195 |
| Cost | - | 990,320 | 979,852 | 12,502,796 |
| Carrying Value (*) | - | 151,673 | 990,538 | 11,730,322 |

(*) The Bank repurchased its own TL securities with a total face value of TL 840,320 and foreign currency securities with a total face value of USD 50,335,000 and netted off such securities in the accompanying financial statements.

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

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

5.2.5 Financial liabilities measured at fair value through profit/loss

| | <i>Current Period</i> | | <i>Prior Period</i> | |
|----------------|-----------------------|-------------------|---------------------|-------------------|
| | TL | FC | TL | FC |
| Funds Borrowed | - | 31,788,046 | - | 24,035,836 |
| Total | - | 31,788,046 | - | 24,035,836 |

In accordance with TFRS 9, the Bank classified a part of borrowings obtained through securitisations amounting to USD 1,788,035,714 (31 December 2021: USD 2,112,303,572) as financial liability at fair value through profit/loss at the initial recognition in order to eliminate the accounting mismatch.

As of 31 December 2022, the accumulated fair value change of the related financial liabilities amounted to TL 1,919,509 (31 December 2021: TL 3,769,054) and the corresponding gains/losses recognised in the statement of profit/loss mounted to TL (1,849,545) (31 December 2021: TL 2,503,587). The carrying value of the related financial liability amounted to TL 31,788,046 (31 December 2021: TL 24,035,836).

5.2.6 Derivative financial liabilities

5.2.6.1 Negative differences on derivative financial liabilities measured at FVTPL

| | <i>Current Period</i> | | <i>Prior Period</i> | |
|----------------------|-----------------------|------------------|---------------------|------------------|
| | TL | FC | TL | FC |
| Forward Transactions | 451,919 | 13,520 | 1,874,549 | 33,679 |
| Swap Transactions | 4,184,107 | 5,321,404 | 4,896,529 | 5,336,853 |
| Futures | - | - | - | 933 |
| Options | 340,322 | 557,974 | 126,302 | 29,685 |
| Others | - | - | - | - |
| Total | 4,976,348 | 5,892,898 | 6,897,380 | 5,401,150 |

5.2.6.2 Derivative financial liabilities held for hedging purpose

| Derivative Financial Liabilities held for Hedging Purpose | <i>Current Period</i> | | <i>Prior Period</i> | |
|--|-----------------------|----------|---------------------|----------------|
| | TL | FC | TL | FC |
| Fair Value Hedges | - | - | - | 383,098 |
| Cash Flow Hedges | 21,111 | - | 41,211 | 239,907 |
| Net Foreign Investment Hedges | - | - | - | - |
| Total | 21,111 | - | 41,211 | 623,005 |

5.2.7 Lease liabilities (Net)

5.2.7.1 Operational lease liabilities

| | <i>Current Period</i> | | <i>Prior Period</i> | |
|-------------------|-----------------------|------------------|---------------------|----------------|
| | Gross | Net | Gross | Net |
| Up to 1 Year | 462,931 | 319,006 | 313,080 | 210,706 |
| 1-4 Years | 924,959 | 637,389 | 642,913 | 432,687 |
| More than 4 Years | 341,978 | 235,657 | 316,054 | 212,707 |
| Total | 1,729,868 | 1,192,052 | 1,272,047 | 856,100 |

As of 31 December 2022, the weighted average of the incremental borrowing interest rates applied to TL, EUR and USD lease liabilities presented in the statement of financial position of the Bank are 20.4%, 1.9% and 3.8% (31 December 2021: 18.8%, 2.3% and 6.9%) respectively.

5.2.8 Provisions

5.2.8.1 Reserve for employee severance indemnity

| | <i>Current Period</i> | <i>Prior Period</i> |
|--|-----------------------|---------------------|
| Balances at Beginning of Period | 912,449 | 738,465 |
| Provision for the Period | 287,995 | 182,490 |
| Actuarial Gain/Loss | 857,877 | 76,376 |
| Payments During the Period | (114,244) | (84,882) |
| Balances at End of Period | 1,944,077 | 912,449 |

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

None (31 December 2021: None).

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

| | Current Period | Prior Period |
|--|------------------|------------------|
| Substandard Loans and Receivables - Limited Collectibility | 6,203 | 4,940 |
| Doubtful Loans and Receivables | 10,485 | 4,614 |
| Uncollectible Loans and Receivables | 1,754,658 | 1,317,510 |
| Total | 1,771,346 | 1,327,064 |

5.2.8.4 **Other provisions**

| | Current Period | Prior Period |
|--|-------------------|-------------------|
| Reserve for Employee Benefits | 3,350,382 | 1,825,807 |
| Provision for Promotion Expenses of Credit Cards | 499,389 | 270,419 |
| Provision for Lawsuits | 532,172 | 415,219 |
| Provision for Non-Cash Loans | 5,725,041 | 2,892,018 |
| Other Provisions (*) | 8,410,551 | 7,637,375 |
| Total | 18,517,535 | 13,040,838 |

(*)Includes total general reserve of total TL 8,000,000 of which reserved TL 500,000 in the current year and TL 7,500,000 in previous years (31 December 2021: TL 7,500,000).

Recognized liability for defined benefit plan obligations

The Bank obtained an actuarial report dated 10 January 2023 from an independent actuary reflecting the principles and procedures on determining the application of transfer transactions in accordance with the Law and it is determined that the assets of the Plan are above the amount that will be required to be paid to transfer the obligation and the asset surplus amounts to TL 12,154,168 at 31 December 2022 as details are given in the table below.

Furthermore, an actuarial report was prepared as of 31 December 2022 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 10 January 2023 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 5,864,689 remains as of 31 December 2022 as details are given in the table below.

| | 31 December 2022 | 31 December 2021 |
|---|--------------------|--------------------|
| Transferable Pension and Medical Benefits: | | |
| Net present value of pension benefits transferable to SSF | (5,662,430) | (3,605,978) |
| Net present value of medical benefits and health premiums transferable to SSF | 2,107,010 | 849,322 |
| General administrative expenses | (173,942) | (97,979) |
| Present Value of Pension and Medical Benefits Transferable to SSF (1) | (3,729,362) | (2,854,635) |
| Fair Value of Plan Assets (2) | 15,883,530 | 9,393,052 |
| Asset Surplus over Transferable Benefits ((2)-(1)=(3)) | 12,154,168 | 6,538,417 |
| Non-Transferable Benefits: | | |
| Other pension benefits | (3,428,501) | (1,680,862) |
| Other medical benefits | (2,860,977) | (1,496,672) |
| Total Non-Transferable Benefits (4) | (6,289,478) | (3,177,534) |
| Asset Surplus over Total Benefits ((3)-(4)=(5)) | 5,864,690 | 3,360,883 |

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

| | <i>31 December 2022</i> | <i>31 December 2021</i> |
|---|-------------------------|-------------------------|
| Balance at Beginning of Period | - | - |
| Actual contributions paid during the period | (445,647) | (160,523) |
| Total expense recognized in the statement of profit or loss | 116,594 | 92,569 |
| Amount recognized in the shareholders' equity | 329,053 | 67,954 |
| Balance at End of Period | - | - |

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

| | <i>31 December 2022</i> | <i>31 December 2021</i> |
|----------------------------------|-------------------------|-------------------------|
| | % | % |
| Discount Rate (*) | 17.79 | 19.10 |
| Inflation Rate (*) | 14.36 | 15.10 |
| Future Real Salary Increase Rate | 1.50 | 1.50 |
| Medical Cost Trend Rate | 18.56 | 19.30 |
| Future Pension Increase Rate (*) | 14.36 | 15.10 |

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

The sensitivity analysis of defined benefit obligation of excess liabilities and retirement indemnities are as follow:

| Defined Benefit Obligation | Pension Benefits Effect | Medical Benefits Effect | Overall Effect |
|-----------------------------------|--------------------------------|--------------------------------|-----------------------|
| Assumption change | % | % | % |
| Discount rate +0.5% | (6.30) | (8.70) | (7.40) |
| Discount rate -0.5% | 7.00 | 10.00 | 8.40 |
| Medical inflation rate +0.5% | - | 10.00 | 4.60 |
| Medical inflation rate -0.5% | - | (8.70) | (3.90) |

| Retirement Indemnities | Sensitivity of Past Service Liability | Sensitivity of Normal Cost |
|-------------------------------|--|-----------------------------------|
| Assumption change | % | % |
| Discount rate +0.5% | (5.40) | (7.10) |
| Discount rate -0.5% | 5.90 | 7.90 |
| Inflation rate +0.5% | 5.60 | (3.70) |
| Inflation rate -0.5% | (5.20) | 3.80 |

5.2.9 Tax liability

5.2.9.1 Current tax liability

5.2.9.1.1 Tax liability

As of 31 December 2022, the corporate tax liability amounts to TL 6,379,903 (31 December 2021: TL 1,911,428) after offsetting with prepaid taxes. If the differences arising between the book value and the tax base value of the assets subject to the current tax liability are related to the shareholders' equity account group, the current tax asset or liability is netted off by the relevant accounts in this group.

As of 31 December 2022, TL 22,531,708 of total current period tax expense amounting to TL 19,519,845 has been classified in the statement of profit or loss and TL 3,011,863 (31 December 2021: None) has been classified in equity.

5.2.9.1.2 Taxes payable

| | <i>Current Period</i> | <i>Prior Period</i> |
|-----------------------------------|-----------------------|---------------------|
| Corporate Taxes Payable | 6,379,903 | 1,911,428 |
| Taxation on Securities Income | 136,594 | 126,239 |
| Taxation on Real Estates Income | 7,199 | 8,644 |
| Banking Insurance Transaction Tax | 581,598 | 349,311 |
| Foreign Exchange Transaction Tax | 52,022 | 115,529 |
| Value Added Tax Payable | 113,753 | 55,560 |
| Others | 198,905 | 81,568 |
| Total | 7,469,974 | 2,648,279 |

5.2.9.1.3 Premiums

| | <i>Current Period</i> | <i>Prior Period</i> |
|---|-----------------------|---------------------|
| Social Security Premiums-Employees | 294 | 138 |
| Social Security Premiums-Employer | 361 | 170 |
| Bank Pension Fund Premium-Employees | 732 | 439 |
| Bank Pension Fund Premium-Employer | 1,160 | 620 |
| Pension Fund Membership Fees and Provisions-Employees | - | - |
| Pension Fund Membership Fees and Provisions-Employer | - | - |
| Unemployment Insurance-Employees | 4,558 | 2,212 |
| Unemployment Insurance-Employer | 9,217 | 4,470 |
| Others | 94 | 47 |
| Total | 16,416 | 8,096 |

5.2.9.2 Deferred tax liability

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

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

None.

5.2.11 Subordinated debts

| | <i>Current Period</i> | | <i>Prior Period</i> | |
|-----------------------------|-----------------------|-------------------|---------------------|------------------|
| | TL | FC | TL | FC |
| Domestic Banks | - | - | - | - |
| Domestic Other Institutions | 1,021,983 | - | 1,030,662 | - |
| Foreign Banks | - | - | - | - |
| Foreign Other Institutions | - | 14,046,860 | - | 9,880,843 |
| Total | 1,021,983 | 14,046,860 | 1,030,662 | 9,880,843 |

Disclosures on subordinated debts are reported in Note 4.1.2.

5.2.12 Other liabilities

| | <i>Current Period</i> | | <i>Prior Period</i> | |
|--|-----------------------|------------------|---------------------|------------------|
| | TL | FC | TL | FC |
| Payables from credit card transactions | 37,106,273 | 293,532 | 21,172,969 | 207,755 |
| Payables from clearing transactions | 10,954,242 | 146,936 | 5,372,202 | 11,262 |
| Other | 3,075,153 | 8,103,400 | 2,421,074 | 3,724,852 |
| Total | 51,135,668 | 8,543,868 | 28,966,245 | 3,943,869 |

5.2.13 Shareholders' equity

5.2.13.1 Paid-in capital

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

5.2.13.2 Registered share capital system

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

5.2.13.3 Capital increases in current period

None.

5.2.13.4 Capital increases from capital reserves in current period

None.

5.2.13.5 Capital commitments for current and future financial periods

None.

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

None.

5.2.13.7 Information on privileges given to stocks representing the capital

None.

5.2.13.8 Securities value increase fund

| | Current Period | | Prior Period | |
|---|-------------------|------------------|-------------------|------------------|
| | TL | FC | TL | FC |
| Investments in Associates, Subsidiaries and Joint-Ventures | 15,874,171 | (349,576) | 10,849,361 | 238,897 |
| Valuation difference | 15,874,171 | (349,576) | 10,849,361 | 238,897 |
| Exchange rate difference | - | - | - | - |
| Financial Assets Measured at Fair Value through Other Comprehensive Income | 10,645,405 | (604,637) | 1,589,422 | (826,320) |
| Valuation difference | 10,316,503 | (604,637) | 1,427,799 | (826,320) |
| Exchange rate difference | 328,902 | - | 161,623 | - |
| Total | 26,519,576 | (954,213) | 12,438,783 | (587,423) |

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

| | Current Period | | Prior Period | |
|---|------------------|----------------|------------------|----------------|
| | TL | FC | TL | FC |
| Movables | 462,826 | 38,465 | 232,119 | 47,950 |
| Real Estates | 4,949,980 | 160,887 | 1,719,852 | 143,155 |
| Defined Benefit Plans' Actuarial Gains/Losses | (1,277,762) | - | (413,401) | - |
| Other | (45,151) | - | (6,747) | - |
| Total | 4,089,893 | 199,352 | 1,531,823 | 191,105 |

5.2.13.10 Bonus shares of associates, subsidiaries and joint-ventures

| | Current Period | Prior Period |
|---|----------------|--------------|
| Bankalararası Kart Merkezi A.Ş. | 5,782 | 5,781 |
| Garanti Yatırım Menkul Değerler AŞ | 942 | 942 |
| Yeni Gimat Gayrimenkul Yatırım Ortaklığı A.Ş. | 860 | - |
| JCR Avrasya Derecelendirme A.Ş. | 828 | - |
| İhracatı Geliştirme A.Ş. | 536 | - |
| Kredi Kayıt Bürosu AŞ | 481 | 481 |
| Garanti Ödeme Sistemleri AŞ | 401 | 401 |
| Kömür İşletmeleri A.Ş. | 145 | - |
| Doğuş Gayrimenkul Yatırım Ortaklığı AŞ | 22 | 22 |
| Yatırım Finansman Menkul Değerler AŞ | 9 | 9 |
| Dati Yatırım Holding A.Ş. | 7 | 7 |
| Total | 10,013 | 7,643 |

5.2.13.11 Legal reserves

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

5.2.13.12 Extraordinary and other profit reserves

| | Current Period | Prior Period |
|--|----------------|--------------|
| Legal reserves that was allocated to be in compliance with the decisions made on the Annual General Assembly | 61,573,278 | 49,812,325 |

5.3 Off-Balance Sheet Items

5.3.1 Off-balance sheet contingencies

5.3.1.1 Irrevocable credit commitments

The Bank has term asset purchase and sale commitments of TL 16,548,883 (31 December 2021: TL 19,275,698), commitments for cheque payments of TL 5,515,488 (31 December 2021: TL 3,956,330) and commitments for credit card limits of TL 138,215,802 (31 December 2021: TL 61,609,747).

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

| | Current Period | Prior Period |
|--|--------------------|--------------------|
| Letters of Guarantee in Foreign Currency | 79,612,373 | 57,782,766 |
| Letters of Guarantee in TL | 103,006,476 | 44,007,746 |
| Letters of Credit | 30,014,439 | 23,175,354 |
| Bills of Exchange and Acceptances | 3,918,563 | 2,751,737 |
| Endorsements | 5,653,771 | 1,128,961 |
| Other Guarantees | 164,083 | 159,274 |
| Total | 222,369,705 | 129,005,838 |

Expected losses for non-cash loans and irrevocable commitments

| Current Period | Stage 1 | Stage 2 | Stage 3 | Total |
|--|------------------|------------------|------------------|------------------|
| Balances at Beginning of Period | 515,863 | 1,049,091 | 1,327,064 | 2,892,018 |
| Additions during the Period (+) | 1,840,428 | 2,933,525 | 203,508 | 4,977,461 |
| Disposals (-) | (1,843,152) | (924,612) | (229,059) | (2,996,823) |
| Sales (-) | - | - | - | - |
| Write-offs (-) | - | - | - | - |
| Transfer to Stage 1 | 664,305 | (663,552) | (753) | - |
| Transfer to Stage 2 | (216,218) | 235,759 | (19,541) | - |
| Transfer to Stage 3 | (1,485) | (27,639) | 29,124 | - |
| Foreign Currency Differences | 83,384 | 307,997 | 461,004 | 852,385 |
| Provisions at End of Period | 1,043,125 | 2,910,569 | 1,771,347 | 5,725,041 |

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

Lifetime expected credit loss (Stage 3) of TL 2,506,154 (31 December 2021: TL 2,002,246) is made for unliquidated non-cash loans of TL 1,771,346 (31 December 2021: TL 1,327,064) recorded under the off-balance sheet items.

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

5.3.1.3 Non-cash loans

| | <i>Current Period</i> | <i>Prior Period</i> |
|--|-----------------------|---------------------|
| Non-Cash Loans against Cash Risks | 39,122,899 | 20,797,645 |
| With Original Maturity of 1 Year or Less | 6,399,588 | 2,948,430 |
| With Original Maturity of More Than 1 Year | 32,723,311 | 17,849,215 |
| Other Non-Cash Loans | 183,246,806 | 108,208,193 |
| Total | 222,369,705 | 129,005,838 |

5.3.1.4 Sectoral risk concentration of non-cash loans

| | <i>Current Period</i> | | | | <i>Prior Period</i> | | | |
|---------------------------------|-----------------------|--------------|-------------------|--------------|---------------------|--------------|-------------------|--------------|
| | TL | (%) | FC | (%) | TL | (%) | FC | (%) |
| Agriculture | 1,094,364 | 1.00 | 156,564 | 0.14 | 185,294 | 0.43 | 295,015 | 0.34 |
| Farming and Stockbreeding | 434,816 | 0.40 | 40,840 | 0.04 | 86,467 | 0.20 | 53,586 | 0.06 |
| Forestry | 121,406 | 0.11 | 49,906 | 0.04 | 29,812 | 0.07 | 50,978 | 0.06 |
| Fishery | 538,142 | 0.49 | 65,818 | 0.06 | 69,015 | 0.16 | 190,451 | 0.22 |
| Manufacturing | 36,351,621 | 33.17 | 49,108,366 | 43.55 | 11,082,160 | 25.01 | 41,860,128 | 49.42 |
| Mining and Quarrying | 1,117,955 | 1.02 | 197,293 | 0.17 | 481,626 | 1.09 | 358,640 | 0.42 |
| Production | 27,794,977 | 25.36 | 36,101,294 | 32.02 | 7,299,142 | 16.47 | 28,595,516 | 33.76 |
| Electricity, Gas, Water | 7,438,689 | 6.79 | 12,809,779 | 11.36 | 3,301,392 | 7.45 | 12,905,972 | 15.24 |
| Construction | 10,388,880 | 9.46 | 18,601,067 | 16.50 | 5,484,659 | 12.38 | 13,009,472 | 15.36 |
| Services | 54,847,986 | 50.05 | 35,954,121 | 31.88 | 24,146,296 | 54.50 | 25,882,091 | 30.57 |
| Wholesale and Retail Trade | 30,902,172 | 28.19 | 15,760,012 | 13.98 | 13,669,991 | 30.85 | 9,638,609 | 11.38 |
| Accommodation and Dining | 2,537,826 | 2.32 | 1,203,203 | 1.07 | 1,109,985 | 2.51 | 996,460 | 1.18 |
| Transportation and | 4,647,673 | 4.24 | 5,488,794 | 4.85 | 1,907,623 | 4.31 | 4,605,167 | 5.44 |
| Financial Institutions | 9,699,586 | 8.85 | 12,881,095 | 11.42 | 4,600,216 | 10.38 | 10,186,389 | 12.03 |
| Real Estate and Rental Services | 5,629,113 | 5.14 | 474,038 | 0.42 | 2,518,729 | 5.68 | 339,271 | 0.40 |
| Professional Services | - | - | - | - | - | - | - | - |
| Educational Services | 204,018 | 0.19 | 6,023 | 0.01 | 51,997 | 0.12 | 5,152 | 0.01 |
| Health and Social Services | 1,227,598 | 1.12 | 140,956 | 0.13 | 287,755 | 0.65 | 111,043 | 0.13 |
| Others | 6,925,058 | 6.32 | 8,941,678 | 7.93 | 3,408,088 | 7.68 | 3,652,635 | 4.31 |
| Total | 109,607,90 | 100 | 112,761,79 | 100 | 44,306,497 | 100 | 84,699,341 | 100 |

5.3.1.5 Non-cash loans classified under Stage I and II

| <i>Current Period</i> | Group I | | Group II | |
|--|--------------------|-------------------|------------------|-------------------|
| | TL | FC | TL | FC |
| Non-Cash Loans | 104,693,243 | 99,813,057 | 4,692,453 | 10,895,674 |
| Letters of Guarantee | 98,170,210 | 69,097,410 | 4,614,053 | 8,462,499 |
| Bills of Exchange and Bank Acceptances | 496,948 | 2,757,200 | - | 664,415 |
| Letters of Credit | 746,185 | 27,498,893 | - | 1,768,760 |
| Endorsements | 5,279,900 | 295,471 | 78,400 | - |
| Underwriting Commitments | - | - | - | - |
| Factoring Related Guarantees | - | - | - | - |
| Other Guarantees and Surities | - | 164,083 | - | - |

| <i>Prior Period</i> | Group I | | Group II | |
|--|-------------------|-------------------|------------------|------------------|
| | TL | FC | TL | FC |
| Non-Cash Loans | 40,523,036 | 76,882,596 | 3,521,376 | 6,275,896 |
| Letters of Guarantee | 40,276,089 | 50,759,581 | 3,469,572 | 5,482,337 |
| Bills of Exchange and Bank Acceptances | 63,962 | 2,605,011 | 1,804 | 80,959 |
| Letters of Credit | 160,485 | 22,341,940 | - | 672,929 |
| Endorsements | 22,500 | 1,016,790 | 50,000 | 39,671 |
| Underwriting Commitments | - | - | - | - |
| Factoring Related Guarantees | - | - | - | - |
| Other Guarantees and Surities | - | 159,274 | - | - |

5.3.2 Financial derivative instruments

| <i>Current Period</i> | Up to 1 Month | 1-3 Months | 3-12 Months | 1-5 Years | 5 Years and Over | Total |
|---|--------------------------|-----------------------|------------------------|--------------------|-----------------------------|----------------------|
| Derivative Financial Instruments held for Risk Management | | | | | | |
| A. Total Derivative Financial Instruments held for Risk Management | 5,843,637 | 14,155,733 | 4,778,789 | 29,892,145 | 4,592,224 | 59,262,528 |
| Fair Value Hedges | - | - | - | 11,675,776 | 2,733,024 | 14,408,800 |
| Cash Flow Hedges | 5,843,637 | 14,155,733 | 4,778,789 | 18,216,369 | 1,859,200 | 44,853,728 |
| Net Foreign Investment Hedges | - | - | - | - | - | - |
| Trading Derivatives | | | | | | |
| Foreign Currency related Derivative Transactions (I) | 140,002,344 | 418,026,617 | 30,521,226 | 7,759,000 | 1,039,844 | 597,349,031 |
| Currency Forwards-Purchases | 11,216,034 | 12,302,636 | 8,333,461 | 86,665 | - | 31,938,796 |
| Currency Forwards-Sales | 11,009,754 | 11,943,935 | 7,793,646 | 117,971 | - | 30,865,306 |
| Currency Swaps-Purchases | 55,198,750 | 131,688,819 | 6,262,919 | 2,825,452 | 568,576 | 196,544,516 |
| Currency Swaps-Sales | 31,017,121 | 172,764,780 | 5,513,444 | 4,098,693 | 384,239 | 213,778,277 |
| Currency Options-Purchases | 16,277,772 | 44,244,847 | 1,062,446 | 340,970 | 39,446 | 61,965,481 |
| Currency Options-Sales | 15,282,913 | 44,211,598 | 782,300 | 289,249 | 47,583 | 60,613,643 |
| Currency Futures-Purchases | - | 614,362 | 264,553 | - | - | 878,915 |
| Currency Futures-Sales | - | 255,640 | 508,457 | - | - | 764,097 |
| Interest Rate related Derivative Transactions (II) | 16,943,646 | 27,394,463 | 41,261,009 | 107,047,059 | 99,949,294 | 292,595,471 |
| Interest Rate Swaps-Purchases | 8,384,342 | 12,814,704 | 19,766,262 | 52,145,214 | 49,974,647 | 143,085,169 |
| Interest Rate Swaps-Sales | 8,384,342 | 12,814,704 | 19,766,262 | 52,145,214 | 49,974,647 | 143,085,169 |
| Interest Rate Options-Purchases | - | 324,924 | 1,469,922 | 1,628,324 | - | 3,423,170 |
| Interest Rate Options-Sales | 174,962 | 1,440,131 | 258,563 | 1,128,307 | - | 3,001,963 |
| Securities Options-Purchases | - | - | - | - | - | - |
| Securities Options-Sales | - | - | - | - | - | - |
| Interest Rate Futures-Purchases | - | - | - | - | - | - |
| Interest Rate Futures-Sales | - | - | - | - | - | - |
| Other Trading Derivatives (III) | 19,114,051 | 38,450,089 | 8,203,438 | 20,965,991 | - | 86,733,569 |
| B. Total Trading Derivatives (I+II+III) | 176,060,041 | 483,871,169 | 79,985,673 | 135,772,050 | 100,989,138 | 976,678,071 |
| Total Derivative Transactions (A+B) | 181,903,678 | 498,026,902 | 84,764,462 | 165,664,195 | 105,581,362 | 1,035,940,599 |

| <i>Prior Period</i> | Up to 1 Month | 1-3 Months | 3-12 Months | 1-5 Years | 5 Years and Over | Total |
|---|--------------------|-------------------|-------------------|--------------------|---------------------|--------------------|
| Derivative Financial Instruments held for Risk Management | | | | | | |
| A. Total Derivative Financial Instruments held for Risk Management | 86,790 | 5,395,089 | 13,723,061 | 38,325,140 | 10,040,142 | 67,570,222 |
| Fair Value Hedges | - | - | - | 6,223,904 | 4,543,271 | 10,767,175 |
| Cash Flow Hedges | 86,790 | 5,395,089 | 13,723,061 | 32,101,236 | 5,496,871 | 56,803,047 |
| Net Foreign Investment Hedges | - | - | - | - | - | - |
| Trading Derivatives | | | | | | |
| Foreign Currency related Derivative Transactions (I) | 240,462,445 | 66,496,978 | 18,009,417 | 6,232,258 | 2,349,678 | 333,550,776 |
| Currency Forwards-Purchases | 6,092,769 | 4,051,437 | 4,939,249 | 104,261 | - | 15,187,716 |
| Currency Forwards-Sales | 6,121,965 | 4,221,594 | 5,450,453 | 107,186 | - | 15,901,198 |
| Currency Swaps-Purchases | 99,986,180 | 28,960,045 | 2,866,056 | 2,960,754 | 834,938 | 135,607,973 |
| Currency Swaps-Sales | 104,332,443 | 27,427,201 | 2,650,559 | 3,060,057 | 1,514,740 | 138,985,000 |
| Currency Options-Purchases | 10,345,556 | 553,431 | 417,926 | - | - | 11,316,913 |
| Currency Options-Sales | 13,338,771 | 553,158 | 423,046 | - | - | 14,314,975 |
| Currency Futures-Purchases | 117,104 | 360,235 | 633,150 | - | - | 1,110,489 |
| Currency Futures-Sales | 127,657 | 369,877 | 628,978 | - | - | 1,126,512 |
| Interest Rate related Derivative Transactions (II) | 3,724,623 | 25,730,300 | 24,550,608 | 67,253,119 | 88,682,677 | 209,941,327 |
| Interest Rate Swaps-Purchases | 1,758,877 | 12,131,942 | 12,118,690 | 31,063,078 | 43,379,003 | 100,451,590 |
| Interest Rate Swaps-Sales | 1,758,877 | 12,131,942 | 12,118,690 | 31,063,078 | 43,379,003 | 100,451,590 |
| Interest Rate Options-Purchases | - | 654,650 | - | 2,403,520 | 1,924,671 | 4,982,841 |
| Interest Rate Options-Sales | - | 654,650 | 313,228 | 2,723,443 | - | 3,691,321 |
| Securities Options-Purchases | - | - | - | - | - | - |
| Securities Options-Sales | 206,869 | - | - | - | - | 206,869 |
| Interest Rate Futures-Purchases | - | - | - | - | - | - |
| Interest Rate Futures-Sales | - | 157,116 | - | - | - | 157,116 |
| Other Trading Derivatives (III) | 11,407,822 | 862,212 | 6,049,881 | 13,885,442 | 39,279,000 | 71,484,357 |
| B. Total Trading Derivatives (I+II+III) | 255,594,890 | 93,089,490 | 48,609,906 | 87,370,819 | 130,311,355 | 614,976,460 |
| Total Derivative Transactions (A+B) | | | | | | |
| | 255,681,680 | 98,484,579 | 62,332,967 | 125,695,959 | 140,351,497 | 682,546,682 |

5.3.3 Credit derivatives and risk exposures on credit derivatives

As of 31 December 2022, there are total return swaps of the Bank with a total face value of USD 3,576,071,428 (31 December 2021: USD 4,224,607,144) classified under “other derivative financial instruments”, where the Bank is on the selling side of the protection.

5.3.4 Contingent liabilities and assets

The Bank made a total provision amounting to TL 532,172 (31 December 2021: TL 415,219) for the lawsuits filed by various customers and institutions against the Bank which are likely to occur and for which cash outflow might be necessary, and disclosed it under Note 5.3.7.4, other provisions. The Bank has various other lawsuits which are unlikely to occur and for which cash outflow is not expected to incur.

It is possible that the Bank may be required to provide additional collateral for the derivative transactions involved due to changes in certain financial indicators such as CDS levels, currency exchange rates, interest rates etc.

5.3.5 Services rendered on behalf of third parties

The Bank acts as an investment agent for banking transactions on behalf of its customers and provides custody services. Such transactions are followed under off-balance sheet accounts.

5.4 Statement of Profit or Loss

5.4.1 Interest income

5.4.1.1 Interest income from loans (*)

| | Current Period | | Prior Period | |
|--|-------------------|-------------------|-------------------|------------------|
| | TL | FC | TL | FC |
| Interest income received from loans | | | | |
| Short-term loans | 36,184,075 | 2,069,976 | 15,247,898 | 779,786 |
| Medium and long-term loans | 32,475,402 | 9,126,034 | 21,369,249 | 5,534,838 |
| Loans under follow-up | 759,310 | 8,433 | 522,070 | 147,834 |
| Premiums Received from Resource Utilization Support Fund | - | - | - | - |
| Total | 69,418,787 | 11,204,443 | 37,139,217 | 6,462,458 |

(*) 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 | - | 13,850 | - | - |
| Domestic Banks | 10,698 | 821 | 15,585 | 334 |
| Foreign Banks | 5,151 | 390,304 | 5,664 | 26,726 |
| Foreign Head Offices and Branches | - | - | - | - |
| Total | 15,849 | 404,975 | 21,249 | 27,060 |

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 | 132,899 | 48,077 | 95,222 | 26,917 |
| Financial Assets Measured at Fair Value through Other Comprehensive Income | 19,289,408 | 796,755 | 4,959,022 | 392,989 |
| Financial Assets Measured at Amortised Cost | 18,630,500 | 2,265,130 | 4,074,130 | 462,738 |
| Total | 38,052,807 | 3,109,962 | 9,128,374 | 882,644 |

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 valuation of such securities has been calculated according to the actual index as of 31 December 2022.

5.4.1.4 Interest income received from associates and subsidiaries

| | Current Period | Prior Period |
|---|----------------|--------------|
| Interest Received from Investments in Associates and Subsidiaries | 629,310 | 386,887 |

5.4.2 Interest Expenses

5.4.2.1 Interest expenses on funds borrowed (*)

| | Current Period | | Prior Period | |
|-----------------------------------|----------------|------------------|----------------|------------------|
| | TL | FC | TL | FC |
| Banks | 168,938 | 1,216,412 | 133,026 | 598,863 |
| Central Bank of Turkey | - | - | - | - |
| Domestic Banks | 168,938 | 44,586 | 133,026 | 38,899 |
| Foreign Banks | - | 1,171,826 | - | 559,964 |
| Foreign Head Offices and Branches | - | - | - | - |
| Other Institutions | - | 1,708,268 | - | 692,590 |
| Total | 168,938 | 2,924,680 | 133,026 | 1,291,453 |

(*) 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 | 768,674 | 417,679 |

5.4.2.3 Interest expenses on securities issued

| | Current Period | | Prior Period | |
|------------------------------------|----------------|-----------|--------------|-----------|
| | TL | FC | TL | FC |
| Interest Paid on Securities Issued | 366,554 | 1,987,071 | 974,564 | 1,281,725 |

5.4.2.4 Maturity structure of interest expense on deposits

| Current Period | Account Description | Demand Deposits | Time Deposits | | | | | Accumulating Deposit Accounts | Total |
|-------------------------|---------------------------|-----------------|------------------|-------------------|------------------|------------------|------------------|-------------------------------|-------------------|
| | | | Up to 1 Month | 1-3 Months | 3-6 Months | 6-12 Months | 1 Year and Over | | |
| Turkish Lira | | | | | | | | | |
| | Bank Deposits | 4,378 | 52,584 | - | - | - | - | - | 56,962 |
| | Saving Deposits | - | 624,061 | 16,862,339 | 1,204,041 | 213,830 | 1,109,668 | - | 20,013,939 |
| | Public Sector Deposits | - | 1,933 | 5,739 | 115 | 105 | - | - | 7,892 |
| | Commercial Deposits | - | 4,166,989 | 3,281,157 | 1,657,038 | 1,771,528 | 564,871 | - | 11,441,583 |
| | Other | 3 | 168,767 | 369,175 | 75,738 | 246,060 | 309,824 | - | 1,169,567 |
| | "7 Days Notice" Deposits | - | - | - | - | - | - | - | - |
| | Total TL | 4,381 | 5,014,334 | 20,518,410 | 2,936,932 | 2,231,523 | 1,984,363 | - | 32,689,943 |
| Foreign Currency | | | | | | | | | |
| | Foreign Currency Deposits | 2 | 60,988 | 617,737 | 26,752 | 39,329 | 59,405 | 181 | 804,394 |
| | Bank Deposits | - | 934 | - | - | - | - | - | 934 |
| | "7 Days Notice" Deposits | - | - | - | - | - | - | - | - |
| | Precious Metal Deposits | - | - | 2,163 | 197 | 541 | 3,928 | - | 6,829 |
| | Total FC | 2 | 61,922 | 619,900 | 26,949 | 39,870 | 63,333 | 181 | 812,157 |
| | Grand Total | 4,383 | 5,076,256 | 21,138,310 | 2,963,881 | 2,271,393 | 2,047,696 | 181 | 33,502,100 |

| Prior Period | Demand Deposits | Time Deposits | | | | | Accumulating Deposit Accounts | Total |
|---------------------------|-----------------|------------------|-------------------|----------------|----------------|------------------|-------------------------------|-------------------|
| | | Up to 1 Month | 1-3 Months | 3-6 Months | 6-12 Months | 1 Year and Over | | |
| Turkish Lira | | | | | | | | |
| Bank Deposits | 27,400 | 76,940 | - | - | - | - | - | 104,340 |
| Saving Deposits | - | 513,958 | 10,221,200 | 665,538 | 261,030 | 450,752 | - | 12,112,478 |
| Public Sector Deposits | - | 3,134 | 5,721 | 221 | 192 | - | - | 9,268 |
| Commercial Deposits | - | 2,841,456 | 2,130,640 | 84,041 | 190,788 | 278,521 | - | 5,525,446 |
| Other | 2 | 99,374 | 200,150 | 18,865 | 209,382 | 806,538 | - | 1,334,311 |
| “7 Days Notice” Deposits | - | - | - | - | - | - | - | - |
| Total TL | 27,402 | 3,534,862 | 12,557,711 | 768,665 | 661,392 | 1,535,811 | - | 19,085,843 |
| Foreign Currency | | | | | | | | |
| Foreign Currency Deposits | 2 | 30,982 | 236,765 | 17,039 | 26,320 | 56,569 | 194 | 367,871 |
| Bank Deposits | - | 39 | - | - | - | - | - | 39 |
| “7 Days Notice” Deposits | - | - | - | - | - | - | - | - |
| Precious Metal Deposits | - | - | - | - | 1 | 362 | - | 363 |
| Total FC | 2 | 31,021 | 236,765 | 17,039 | 26,321 | 56,931 | 194 | 368,273 |
| Grand Total | 27,404 | 3,565,883 | 12,794,476 | 785,704 | 687,713 | 1,592,742 | 194 | 19,454,116 |

5.4.2.5 Interest expense on money market transactions

| | Current Period | | Prior Period | |
|---|----------------|--------|--------------|--------|
| | TL | FC | TL | FC |
| Interest Paid on MoneyMarket Transactions | 9,170 | - | 260 | - |
| Interest Paid on Repurchase Agreements | 424,654 | 97,829 | 119,144 | 25,880 |

5.4.2.6 Interest expense on lease liabilities

5.4.2.6.1 Interest expense on financial leases

| | Current Period | Prior Period |
|--------------------------|----------------|--------------|
| Financial Lease Expenses | - | - |

5.4.2.6.2 Operational lease expenses

| | Current Period | Prior Period |
|----------------------------|----------------|--------------|
| Operational lease expenses | 167,374 | 122,903 |

5.4.2.7 Interest expenses on factoring payables

None.

5.4.3 Dividend income

| | Current Period | Prior Period |
|--|----------------|---------------|
| Financial Assets Measured at Fair Value through Profit or Loss | 5,437 | 3,605 |
| Financial Assets Measured at Fair Value through Other Comprehensive Income | 5,014 | 2,159 |
| Other | 46,774 | 12,341 |
| Total | 57,225 | 18,105 |

5.4.4 Trading income/losses

| | <i>Current Period</i> | <i>Prior Period</i> |
|--|-----------------------|---------------------|
| Income | 264,676,335 | 408,794,232 |
| Trading Account Income | 1,304,847 | 4,344,194 |
| Gains from Derivative Financial Instruments | 33,599,747 | 29,333,430 |
| Foreign Exchange Gains | 229,771,741 | 375,116,608 |
| Losses (-) | 256,149,506 | 404,956,232 |
| Trading Account Losses | 2,408,116 | 1,682,380 |
| Losses from Derivative Financial Instruments | 54,350,597 | 34,692,781 |
| Foreign Exchange Losses | 199,390,793 | 368,581,071 |
| Total | 8,526,829 | 3,838,000 |

TL 15,160,562 (31 December 2021: TL 5,361,278) of foreign exchange gains and TL 4,098,749 (31 December 2021: TL 16,675,074) of foreign exchange losses are resulted from the exchange rate changes of derivative financial transactions.

5.4.5 Other operating income

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

| | <i>Current Period</i> | <i>Prior Period</i> |
|--|-----------------------|---------------------|
| Reversal of Prior Years’ Provisions | 9,105,370 | 8,065,345 |
| Stage 1 Provisions | 4,129,547 | 3,185,037 |
| Stage 2 Provisions | 2,328,705 | 2,848,859 |
| Stage 3 Provisions | 2,382,021 | 1,757,740 |
| Others | 265,097 | 273,709 |
| Revenues from Sale of Assets | 594,284 | 496,542 |
| Others | 2,274,083 | 417,810 |
| Total | 11,973,737 | 8,979,697 |

5.4.6 Expected credit losses and other provisions

| | <i>Current Period</i> | <i>Prior Period</i> |
|---|-----------------------|---------------------|
| Expected Credit Losses | 23,898,743 | 19,527,693 |
| 12-Month ECL (Stage 1) | 5,643,154 | 2,875,617 |
| Lifetime ECL Significant Increase in Credit Risk (Stage 2) | 12,500,882 | 9,441,585 |
| Lifetime ECL Impaired Credits (Stage 3) | 5,754,707 | 7,210,491 |
| Other Provisions | 3,411,729 | 7,404,926 |
| Impairment Losses on Securities | 6,657 | 279 |
| <i>Financial Assets Measured at Fair Value through Profit/Loss</i> | 6,657 | 279 |
| <i>Financial Assets Measured at Fair Value through Other Comprehensive Income</i> | - | - |
| Impairment Losses on Associates, Subsidiaries and Joint-ventures | 19,102 | - |
| <i>Associates</i> | 19,102 | - |
| <i>Subsidiaries</i> | - | - |
| <i>Joint-ventures</i> | - | - |
| Others (*) | 3,385,970 | 7,404,647 |
| Total | 27,310,472 | 26,932,619 |

(*)Includes TL 500,000 (Prior period: TL 2,850,000) of general reserve in the current year.

5.4.7 Other operating expenses

| | Current Period | Prior Period |
|--|-------------------|------------------|
| Reserve for Employee Termination Benefits | 225,907 | 147,769 |
| Defined Benefit Obligation | - | - |
| Impairment Losses on Tangible Assets | 1,062 | 130 |
| Depreciation Expenses of Tangible Assets | 481,854 | 397,523 |
| Impairment Losses on Intangible Assets | - | - |
| Impairment Losses on Goodwill | - | - |
| Amortisation Expenses of Intangible Assets | 182,284 | 106,119 |
| Impairment Losses on Investments Accounted under Equity Method | - | - |
| Impairment Losses on Assets to be Disposed | 1,253 | 2,043 |
| Depreciation Expenses of Right-of-use Assets | 330,177 | 263,889 |
| Impairment Losses on Assets Held for Sale | - | - |
| Other Operating Expenses | 11,395,736 | 5,359,946 |
| <i>Operational Lease related Expenses (*)</i> | 233,193 | 210,830 |
| <i>Repair and Maintenance Expenses</i> | 151,022 | 75,697 |
| <i>Advertisement Expenses</i> | 403,300 | 248,379 |
| <i>Other Expenses</i> | 10,608,221 | 4,825,040 |
| Loss on Sale of Assets | 6,606 | 5,659 |
| Others (**) | 2,112,851 | 1,329,165 |
| Total | 14,737,730 | 7,612,243 |

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

(**) Includes Saving Deposits Insurance Fund related expenses of TL 1,150,760 (31 December 2021: TL 681,969) in the current period.

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

The profit before taxes includes a net interest income of TL 83,318,813 (31 December 2021: TL 33,639,994), a net fees and commissions income of TL 16,627,504 (31 December 2021: TL 8,500,819) and operating expenses of TL 14,737,730 (31 December 2021: TL 7,612,243). The Bank's profit before taxes realized at TL 75,602,805 (31 December 2021: TL 17,304,817) increasing by 323.96% (31 December 2021: increasing by 100.30%) as compared to prior year.

5.4.9 Information on provision for taxes from continued and discontinued operations

For the period ended 31 December 2022, the Bank recorded a tax expense of TL 19,519,845 (31 December 2021: TL 4,639,274) and a deferred tax income of TL 2,426,198 (31 December 2021: TL 407,763).

Deferred tax benefit/charge on timing differences:

| Deferred tax benefit/(charge) on timing differences | Current Period | Prior Period |
|---|--------------------|------------------|
| Increase in tax deductible timing differences (+) | (5,801,932) | (3,412,305) |
| Decrease in tax deductible timing differences (-) | 1,648,169 | 418,676 |
| Increase in taxable timing differences (-) | 3,601,562 | 2,592,584 |
| Decrease in taxable timing differences (+) | (1,873,997) | (6,718) |
| Total | (2,426,198) | (407,763) |

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

| Deferred tax (benefit)/charge arising on timing differences, tax losses and tax deductions and exemptions | <i>Current Period</i> | <i>Prior Period</i> |
|--|------------------------------|----------------------------|
| (Increase)/Decrease in Tax Deductible Timing Differences (net) | (4,153,763) | (2,993,629) |
| (Increase)/Decrease in Taxable Timing Differences (net) | 1,727,565 | 2,585,866 |
| (Increase)/Decrease in Tax Losses (net) | | - |
| (Increase)/Decrease in Tax Deductions and Exemptions (net) | - | - |
| Total | (2,426,198) | (407,763) |

5.4.10 Information on net profit/loss from continued and discontinued operations

Net profit/loss from continued operations is 58,509,158 TL (31 December 2021: TL 13,601,139).

The Bank has no discontinued operations (31 December 2021: None).

5.4.11 Net profit/loss

5.4.11.1 Any further explanation on operating results needed for better understanding of the Bank's performance

None.

5.4.11.2 Any changes in estimations that might have a material effect on current and subsequent period results

None.

5.4.12 Components of other items in statement of profit/loss

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

5.5 Statement of changes in shareholders' equity

5.5.1 Any changes arising from application of accounting for financial instruments in current period

5.5.1.1 Reconciliation of foreign exchange differences at beginning and end of current period

As of 31 December 2022, an increase of TL 4,995,295 (31 December 2021: TL 5,411,556) that was resulted from the foreign currency translation of consolidated foreign affiliates performances, is presented under translation differences in the shareholders' equity.

5.5.1.2 Information on changes in financial assets measured at fair value through other comprehensive income

“Unrealized profits / losses” arising from changes in financial assets measured at fair value through other comprehensive income, are not reflected in the income statement until the realization of either the collection of the value corresponding to the relevant financial asset, the sale, disposal of the asset or its weakness, and are accounted under shareholders' equity. After netting with the related deferred tax effect, an increase of TL 9,058,815 of (31 December 2021: an increase TL 431,931) is presented in the shareholders' equity for such transactions.

5.5.1.3 Information on hedge funds

5.5.1.3.1 Increases due to cash flow hedges

As disclosed in note 5.4.4 Trading income/losses, the Bank has various cash flow hedges. After netting with the related deferred tax effect, an increase of TL 915,895 (31 December 2021: an increase of TL 574,062) is presented in the shareholders' equity for such hedge transactions.

5.5.1.3.2 Information on changes in investment hedging items related with foreign entities

As disclosed in note 3.2.2 Foreign currency transactions, the Bank applies net investment hedge accounting for foreign exchange differences arising from the conversion of foreign currency investments and foreign currency long term loans to Turkish Lira. After netting with the related deferred tax effect, a decrease of TL 1,603,244 (31 December 2021: a decrease of TL 2,186,511) is presented in the shareholders' equity for such hedge transactions.

5.5.2 Transfers to legal and extraordinary reserves

| | <i>Current Period</i> | <i>Prior Period</i> |
|---|-----------------------|---------------------|
| Transfers to Legal Reserves from Prior Year Profits | 109,733 | 41,380 |
| Transfers to Extraordinary Reserves from Prior Year Profits | 11,599,035 | 5,537,618 |

5.5.3 Issuance of share certificates

Please refer to Note 5.2.4.

5.5.4 Effects of prior years' corrections to beginning balances of current period

Please refer to Note 3.28.

5.5.5 Compensation of prior period losses

None (31 December 2021: TL None).

5.6 Statement of Cash Flows

5.6.1 Disclosures for “other” items and “effect of change in foreign currency rates cash and cash equivalents” in statement of cash flows

The net cash inflows arising from banking operations amount to TL 64,126,097 (31 December 2021: TL 39,538,224). TL 15,436,044 (31 December 2021: TL 42,686,601 cash outflow) of the net cash outflow is generated from the cash inflows resulted from the change in operating assets and liabilities and TL 48,690,053 (31 December 2021: TL (3,148,377)) from the cash inflows resulted from operating profit. The “net increase/(decrease) in other liabilities” under the changes in operating assets and liabilities is resulted from the changes in the funds obtained through repurchase agreements, miscellaneous payables, other external funding payables and taxes, duties and premiums payables and amounts to a net inflow of TL 27,698,143 (31 December 2021: TL 10,784,191 net cash inflow). The “others” item under operating income composes of fees and commissions paid, foreign exchange gains, other operating income and other operating expenses excluding employee costs, and amounts to TL 7,937,287 (31 December 2021: TL 37,091,880).

The net cash inflows from financing activities is TL 2,109,236 (31 December 2021: TL 15,568,800 net cash outflow).

The effect of changes in foreign exchange rates on cash and cash equivalents includes the foreign exchange differences resulted from the translations of cash and cash equivalents in foreign currencies into TL at the exchange rates prevailing at the beginning and end of the year, and amounts to TL 7,900,934 (31 December 2021: TL 20,554,848).

5.6.2 Cash outflows from acquisition of associates, subsidiaries and joint-ventures

Disclosed in Note 5.1.10.3 investments in subsidiaries.

5.6.3 Cash inflows from disposal of associates, subsidiaries and joint-ventures

None (31 December 2021: None).

5.6.4 Cash and cash equivalents at beginning of period

| | <i>Current Period</i> <i>31 December 2021</i> | <i>Prior Period</i> <i>31 December 2020</i> |
|--------------------------|--|--|
| Cash on Hand | 15,923,917 | 9,125,455 |
| Cash in TL | 1,916,282 | 2,722,172 |
| Cash in Foreign Currency | 14,007,635 | 6,403,283 |
| Cash Equivalents | 102,072,452 | 40,354,301 |
| Other | 102,072,452 | 40,354,301 |
| TOTAL | 117,996,369 | 49,479,756 |

5.6.5 Cash and cash equivalents at end of period

| | <i>Current Period</i> <i>31 December 2022</i> | <i>Prior Period</i> <i>31 December 2021</i> |
|--------------------------|--|--|
| Cash on Hand | 20,138,453 | 15,923,917 |
| Cash in TL | 3,310,208 | 1,916,282 |
| Cash in Foreign Currency | 16,828,245 | 14,007,635 |
| Cash Equivalents | 122,654,275 | 102,072,452 |
| Other | 122,654,275 | 102,072,452 |
| TOTAL | 142,792,728 | 117,996,369 |

5.6.6 Restricted cash and cash equivalents due to legal requirements or other reasons

The placements at foreign banks include blocked accounts amounting TL 9,152,303 (31 December 2021: TL 20,499,346) of which TL 1,236 (31 December 2021: TL 5,937,765) and TL 606,643 (31 December 2021: TL 368,848) are kept at the central banks of Malta and Turkish Republic of Northern Cyprus, respectively as reserve deposits.

The blocked account at the Central Bank of Turkey with a principal of TL 72,534,346 (31 December 2021: TL 58,966,631) is for the reserve deposits in foreign currency and gold against the Banks' liabilities in Turkish Lira, foreign currencies and gold.

5.6.7 Additional information

5.6.7.1 Restrictions on the Bank's potential borrowings

None (31 December 2021: None).

5.6.7.2 Cash inflows presenting increase in operating capacity of the Bank

None (31 December 2021: None).

5.7 Related Party Risks

5.7.1 Transactions with the Bank's risk group

5.7.1.1 Loans and other receivables

Current Period

| Bank's Risk Group | Associates, Subsidiaries and Joint-Ventures | | Bank's Direct and Indirect Shareholders | | Other Components in Risk Group | |
|--------------------------------|---|-----------|---|-----------|--------------------------------|----------|
| | Cash | Non-cash | Cash | Non-cash | Cash | Non-cash |
| Loans and Other Receivables | | | | | | |
| Balance at beginning of period | 14,327,512 | 3,366,181 | 774,676 | 1,563,727 | 10,060 | 193,011 |
| Balance at end of period | 24,526,131 | 3,843,369 | 387,611 | 2,467,095 | 14,198 | 16,647 |
| Interest and Commission Income | 705,910 | 35,350 | 6,440 | - | 1,987 | - |

Prior Period

| Bank's Risk Group | Associates, Subsidiaries and Joint-Ventures | | Bank's Direct and Indirect Shareholders | | Other Components in Risk Group | |
|--------------------------------|---|-----------|---|-----------|--------------------------------|----------|
| | Cash | Non-cash | Cash | Non-cash | Cash | Non-cash |
| Loans and Other Receivables | | | | | | |
| Balance at beginning of period | 9,505,341 | 2,096,812 | 651,108 | 722,425 | 113,315 | 50,868 |
| Balance at end of period | 14,327,512 | 3,366,181 | 774,676 | 1,563,727 | 10,060 | 193,011 |
| Interest and Commission Income | 399,395 | 28,315 | 545 | - | 7,915 | 89 |

5.7.1.2 Deposits

| Bank's Risk Group | Associates, Subsidiaries and Joint-Ventures | | Bank's Direct and Indirect Shareholders | | Other Components in Risk Group | |
|--------------------------------|---|--------------|---|--------------|--------------------------------|--------------|
| | Current Period | Prior Period | Current Period | Prior Period | Current Period | Prior Period |
| Deposits | | | | | | |
| Balance at beginning of period | 2,404,548 | 1,889,426 | 31,849 | 70,153 | 7,064,055 | 417,657 |
| Balance at end of period | 3,073,602 | 2,404,548 | 33,165 | 31,849 | 6,304,682 | 7,064,055 |
| Interest Expense | 399,775 | 262,350 | 82 | 83 | 991,137 | 207,866 |

5.7.1.3 Derivative transactions

| Bank's Risk Group | Associates, Subsidiaries and Joint-Ventures | | Bank's Direct and Indirect Shareholders | | Other Components in Risk Group | |
|---|---|--------------|---|--------------|--------------------------------|--------------|
| | Current Period | Prior Period | Current Period | Prior Period | Current Period | Prior Period |
| Transactions at Fair Value Through Profit/(Loss): | | | | | | |
| Balance at beginning of period | 3,888,943 | 3,000,560 | 35,864,072 | 30,664,682 | - | - |
| Balance at end of period | 10,342,968 | 3,888,943 | 46,634,311 | 35,864,072 | - | - |
| Total Profit/(Loss) | (100,572) | 10,737 | 699,008 | (10,137) | (27,204) | - |
| Transactions for Hedging: | | | | | | |
| Balance at beginning of period | - | - | 220,100 | 565,120 | - | - |
| Balance at end of period | - | - | - | 220,100 | - | - |
| Total Profit/(Loss) | - | - | (3,373) | (1,029) | - | - |

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 10,254,824 (31 December 2021: TL 3,389,690) compose 1.53% (31 December 2021: 0.80%) of the Bank's total cash loans and 0.89% (31 December 2021: 0.45%) of the Bank's total assets. The total loans and similar receivables amounting TL 24,927,940 (31 December 2021: TL 15,112,248) compose 2.16% (31 December 2021: 1.99%) of the Bank's total assets. The non-cash loans of the risk group amounting TL 6,327,111 (31 December 2021: TL 5,122,919) compose 2.85% (31 December 2021: 3.97%) of the Bank's total non-cash loans.

The deposits of the risk group amounting TL 9,411,449 (31 December 2021: TL 9,500,452) compose 1.19% (31 December 2021: 1.85%) of the Bank's total deposits.

The funds borrowed by the Bank from its risk group amounting TL 38,241,093 (31 December 2021: TL 33,258,677) compose 109.24% (31 December 2021: 90.34%) of the Bank's total funds borrowed. The pricing in transactions with the risk group companies is set on an arm's-length basis.

The credit card ("POS") payables to the related parties, amounted to TL 393,091 (31 December 2021: TL 237,278).

A total rent income of TL 24,190 (31 December 2021: TL 20,432) was recognized for the real estates rented to the related parties.

Operating expenses for TL 219,772 (31 December 2021: TL 128,433) were incurred for the IT services rendered by the related parties. Banking services fees of TL 97,877 (31 December 2021: TL 35,452) were recognized from the related parties.

Insurance brokerage fee of TL 701,677 (31 December 2021: TL 445,432), shares brokerage fee of TL 540,923 (31 December 2021: TL 248,153), and fixed-rate securities brokerage fee of TL 18,993 (31 December 2021: TL 10,064) were received from the subsidiaries.

Operating expenses of TL 77,096 (31 December 2021: TL 97,724) 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 181,604 as of 31 December 2022 (31 December 2021: TL 84,704).

5.7.2.3 Other matters not required to be disclosed

None (31 December 2021: None).

5.7.2.4 Transactions accounted for under equity method

Please refer to Note 5.1.10 investments in subsidiaries.

5.7.2.5 All kind of agreements signed like asset purchases/sales, service rendering, agencies, leasing, research and development, licenses, funding, guarantees, management services

The Bank has agency contracts with Garanti Yatırım Menkul Kıymetler AŞ and Garanti Emeklilik ve Hayat AŞ. Accordingly, all the branches of the Bank serve as agencies to sell the insurance products to customers. Agency services for trading of securities on behalf of the Bank's customers are rendered by specialized branches (Investment Centers).

Purchase of equipment for the Bank's internal use are partly arranged through leasing.

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

5.8.1 Domestic and foreign branches and representative offices

| <i>Current Period</i> | Number of Branches | Number Of Employees | | | |
|--------------------------------|--------------------|---------------------|----------------|---------------------|----------------------|
| Domestic Branches | 829 | 18,422 | | | |
| | | | Country | | |
| Foreign Representative Offices | 1 | 1 | 1- China | | |
| | | | | Total Assets | Legal Capital |
| Foreign Branches | 1 | 14 | 1- Malta | 51,670,225 | - |
| | 7 | 107 | 2- NCTR | 12,826,835 | 80,000 |

| <i>Prior Period</i> | Number of Branches | Number Of Employees | | | |
|--------------------------------|--------------------|---------------------|-----------------------|---------------------|----------------------|
| Domestic Branches | 863 | 18,233 | | | |
| | | | Country | | |
| Foreign Representative Offices | 1 | 1 | 1-Germany 2- China | | |
| | | | | Total Assets | Legal Capital |
| Foreign Branches | 1 | 14 | 1- Malta | 54,249,995 | - |
| | 7 | 106 | 2- NCTR | 7,452,008 | 80,000 |

5.8.2 Opening or closing of domestic and foreign branches and representative offices and significant changes in organisational structure

In 2022, no domestic branch was opened and 34 branches were closed. (In 2021, 1 domestic branch was opened and 22 branches were closed.)

5.9 Fees related with the services provided by independent auditors/independent audit agencies

In accordance with the decision made by Public Oversight Accounting and Auditing Standards Authority dated 26 March 2021, fees, based on the given reporting period, in relation to the services provided by independent auditors or independent audit agencies excluding value added tax costs are presented in the following table.

| | <i>Current Period</i> | <i>Prior Period</i> |
|--|-----------------------|---------------------|
| Independent audit fees in the reporting period | 30,186 | 18,874 |
| Fees for tax advisory | - | - |
| Fees for other assurance services | 2,945 | 2,729 |
| Fees for other services except independent audit | - | - |
| Total | 33,131 | 21,603 |

5.10 Matters Arising Subsequent to Balance Sheet Date

The procedures and principles of the articles of law that allow the revaluation of immovable and depreciable economic assets have been rearranged on the Communiqué Amending the General Communiqué on Tax Procedure Law No. 547 (No. 537) published in the Official Gazette dated 14 January 2023 and numbered 32073. Accordingly, the Bank will be able to revalue its immovable and depreciable economic assets in the balance sheet, provided that the conditions in the Provisional Article 32 and Repeated Article 298/ç of the Tax Procedure Law are met. Thus, corporate tax will be calculated and paid according to the values of immovable and depreciable economic assets after revaluation. Since the related communiqué were enacted on 14 January 2023, it has not been applied as of 31 December 2022.

6. Other Disclosures on Activities of the Bank

6.10.1 Bank's latest international risk ratings

MOODY'S (August 2022)

| | |
|--|-------------|
| Outlook | Stabil |
| Long-Term FC Deposit | B3(Stable) |
| Long-Term TL Deposit | B3(Stable) |
| Short-Term FC Deposit | Not Prime |
| Short-Term TL Deposit | Not Prime |
| Basic Loan Assessment | b3 |
| Adjusted Loan Assessment | b3 |
| Senior Unsecured Rating (Regular Bond) | B3 (Stable) |
| Senior Unsecured Rating (Medium-Term Note Program) | P (B3) |
| Long-Term National Scale Rating (NSR) | A1.tr |
| Short-Term NSR | TR-2 |

FITCH RATINGS (July 2022)

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

JCR EURASIA RATINGS (September 2022)

| | |
|-----------------------------|-------------------|
| Long-Term International FC | BBB- (Stable) |
| Short-Term International FC | - |
| Long-Term International TL | BBB (Stable) |
| Short-Term International TL | - |
| Long-Term NSR | AAA(Trk) (Stable) |
| Short-Term NSR | J1+(Trk) (Stable) |

6.2 Dividends

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

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

6.3 Other disclosures

None.

7 Disclosures on Independent Auditors' Report

7.1 Disclosure on independent auditors' report

The unconsolidated financial statements of the Bank as of 31 December 2022, have been reviewed by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş (a member firm of Ernst & Young Global Limited) and the independent auditors' report dated 31 January 2023, is presented before the accompanying financial statements.

7.2 Disclosures and footnotes prepared by independent auditors

None