

Türkiye Garanti Bankası AŞ And Its Subsidiaries

Interim Condensed Consolidated Statement of Financial Position For The Six-Month Period Ended 30 June 2023

(Currency: Thousands of Turkish Lira (TL) in terms of the purchasing power of the Turkish Lira (TL) at 30 June 2023 unless otherwise indicated)

	<u>30 June 2023</u>	<u>31 December 2022</u>
Assets		
Cash and balances with central banks	263,405,823	204,296,144
Financial assets at fair value through profit or loss	7,422,841	6,913,327
Derivative financial assets	21,385,032	13,212,479
Loans and advances to banks	190,399,987	135,393,646
Loans and advances to customers	967,297,181	876,205,509
Investment securities	258,280,089	237,526,711
Equity investments	1,985,447	1,678,234
Assets held for sale	1,764,609	1,809,275
Investment properties	367,375	291,887
Tangible and intangible assets	38,256,060	32,530,911
Deferred tax asset	12,681,350	6,226,047
Other assets	146,544,727	60,592,897
Total Assets	<u>1,909,790,521</u>	<u>1,576,677,067</u>
Liabilities		
Deposits from banks	3,809,390	2,186,832
Deposits from customers	1,396,261,020	1,085,957,029
Loans and advances from banks and other institutions	55,528,535	57,148,160
Obligations under repurchase agreements and money market fundings	46,191,201	29,103,901
Debt securities issued	10,386,364	21,877,952
Financial liabilities at fair value through profit or loss	40,734,597	38,352,624
Derivative financial liabilities	20,888,258	13,124,368
Subordinated liabilities	21,006,775	18,260,669
Current tax liability	5,456,722	8,152,582
Deferred tax liability	1,884,130	1,621,198
Provisions	19,134,872	25,784,785
Other liabilities and accrued expenses	85,223,955	80,867,998
Total Liabilities	<u>1,706,505,819</u>	<u>1,382,438,098</u>
Equity attributable to owners of the bank		
Share capital	51,851,570	51,851,570
Share premium	103,328	103,328
Other reserves	28,843,918	24,124,465
Retained earnings	121,865,784	117,568,554
Non-controlling interests	<u>620,102</u>	<u>591,052</u>
Total Equity	<u>203,284,702</u>	<u>194,238,969</u>
Total Liabilities and Equity	<u>1,909,790,521</u>	<u>1,576,677,067</u>
Commitments and Contingencies	333,649,330	278,317,177

Türkiye Garanti Bankası AŞ And Its Subsidiaries

Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income For The Six-Month Period Ended 30 June 2023

(Currency: Thousands of Turkish Lira (TL) in terms of the purchasing power of the Turkish Lira (TL) at 30 June 2023 unless otherwise indicated)

	1 January 2023- 30 June 2023	1 January 2022- 30 June 2022
Statement of Profit or Loss:		
Interest income:		
Interest on loans	60,010,867	54,901,868
Interest on securities	6,692,886	5,404,363
Interest on deposits at banks	3,474,612	3,085,509
Interest on reserve deposits	291,024	486,997
Interest on lease business	1,649,621	991,267
Interest on factoring business	1,697,431	780,851
Others	568,430	270,308
	<u>74,384,871</u>	<u>65,921,163</u>
Interest expense:		
Interest on saving, commercial and public deposits	(40,998,981)	(21,919,200)
Interest on borrowings, obligations under repurchase agreements, money market and swap fundings	(4,370,092)	(12,020,408)
Interest on debt securities issued	(764,899)	(1,702,159)
Interest on subordinated liabilities	(650,501)	(731,661)
Interest on bank deposits	(102,449)	(121,209)
Interest on lease business	(124,737)	(109,266)
Others	(883,482)	(1,044,582)
	<u>(47,895,141)</u>	<u>(37,648,485)</u>
Net interest income before provisions for loans and other credit risks	26,489,730	28,272,678
Provisions for loans and other credit risks, net	(2,505,444)	(4,501,327)
Net interest income after provisions for loans and other credit risks	23,984,286	23,771,351
Fees and commissions income	20,357,421	15,830,744
Fees and commissions expense	(5,556,749)	(4,524,912)
Net fees and commissions income	14,800,672	11,305,832
Net trading income/(expense)	(2,389,502)	(17,448,609)
Foreign exchange gains/(losses), net	12,977,657	25,309,958
Insurance business income	1,027,107	1,937,074
Insurance business expense	(118,777)	(917,171)
Net insurance business income	908,330	1,019,903
Gain on sale of assets	743,915	1,109,878
Other operating income	4,015,800	1,613,259
Other operating income	4,759,715	2,723,137
Total operating Income	55,041,158	46,681,572
Salaries and wages	(5,996,930)	(4,464,601)
Credit card reward and promotion expenses	(7,401,693)	(3,384,714)
Impairment losses, net	(944,637)	(83,748)
Employee benefits	(3,776,692)	(2,485,273)
Depreciation and amortisation	(1,222,473)	(975,353)
Taxes and duties other than income	(1,298,811)	(789,347)
Communication expenses	(441,784)	(355,209)
Other operating expenses	(6,331,303)	(3,602,845)
Gain/(loss) on net monetary position, net	(1,823,121)	(9,831,157)
Total operating expenses	(29,237,444)	(25,972,247)
Profit/(loss) before tax	25,803,714	20,709,325
Taxation charge	(9,121,181)	(18,030,686)
Net profit/(loss) for the period	16,682,533	2,678,639
Other Comprehensive Income:		
(items to be recycled subsequently to profit or loss)		
Foreign currency translation, net of tax	9,220,294	2,983,096
Fair value change on debt instruments measured at fair value through other comprehensive income, net of tax:		
Net change in fair values	(2,211,719)	11,482,691
Net amount reclassified to profit/loss	(1,591,427)	(122,074)
Cash flow hedges, net of tax:		
Effective portion of changes in hedge reserve	1,197,504	767,351
Net amount reclassified to profit/loss	157,012	126,538
Net investment hedge for foreign operations, net of tax	(3,236,420)	(898,515)
	<u>3,535,244</u>	<u>14,339,086</u>
(items not to be recycled subsequently to profit or loss)		
Fair value change on equity investments measured at fair value through other comprehensive income, net of tax:		
Net change in fair values	209,976	93,242
Change on revaluation surplus on tangible and intangible assets, net of tax	6,082,670	-
Actuarial gain/(loss) related to employee benefits, net of tax	35,052	893,889
	<u>6,327,698</u>	<u>987,131</u>
Other comprehensive income for the period, net of tax	9,862,942	15,326,217
Total Comprehensive Income for the Period	26,545,475	18,004,857
Net profit/(loss) attributable to:		
Equity holders of the Bank	16,458,874	2,665,571
Non-controlling interests	223,659	13,069
	<u>16,682,533</u>	<u>2,678,640</u>
Total comprehensive income attributable to:		
Equity holders of the Bank	26,322,350	17,869,456
Non-controlling interests	223,125	135,401
	<u>26,545,475</u>	<u>18,004,857</u>
Weighted average number of shares with a face value of Kr 1 each	420 billions	420 billions
Basic and diluted earnings per share (full TL amount per TL 1 face value each)	3.919	0.635

Türkiye Garanti Bankası AŞ And Its Subsidiaries
Interim Condensed Consolidated Statement of Changes in Shareholder's Equity
For The Six-Month Period Ended 30 June 2023

(Currency: Thousands of Turkish Lira (TL) in terms of the purchasing power of the Turkish Lira (TL) at 30 June 2023 unless otherwise indicated)

	Other Reserves										
	Share Capital	Share Premium	to be recycled to profit or loss			not to be recycled to profit or loss			Retained Earnings	Non-Controlling Interests	Total Equity
			Fair Value Change on Debt Instruments	Hedge Reserve	Foreign Currency Translation Reserve	Fair Value Change on Equity Investments	Actuarial Gain/(Loss)	Revaluation Surplus on Tangible Assets			
Balances at 31 December 2021 (I)	26,353,729	52,516	(2,390,027)	(3,884,770)	11,194,648	259,472	(731,299)	334,781	54,620,598	323,485	86,133,133
Current period (30 June 2022) purchasing power adjustment effect	11,161,828	22,243	(1,012,264)	(1,645,351)	4,741,368	109,896	(309,734)	141,793	23,133,944	137,008	36,480,731
Adjusted Balances at Beginning of Period	37,515,557	74,759	(3,402,291)	(5,530,121)	15,936,016	369,368	(1,041,033)	476,574	77,754,542	460,493	122,613,864
Net unrealized losses from debt instruments measured at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-
Net unrealized gains from equity investments measured at fair value through other comprehensive income	-	-	8,308,897	-	-	-	-	-	-	(961)	8,307,936
Net realized losses on debt instruments measured at fair value through other comprehensive income recycled to statement of profit or loss at disposal	-	-	(88,323)	-	-	-	-	-	-	-	(88,323)
Foreign currency translation	-	-	(19,005)	(1,176)	2,178,505	-	-	-	-	-	2,158,324
Net change on revaluation surplus on tangible and intangible assets	-	-	-	-	-	-	-	-	-	-	-
Net change on actuarial gain/(loss) related to employee benefits	-	-	-	-	-	-	-	-	-	-	-
Net gains on cash flow hedges	-	-	-	646,745	-	-	-	-	-	-	646,745
Net change on net investment hedge for foreign operations	-	-	-	(650,092)	-	-	-	-	-	-	(650,092)
Net profit/loss for the period	-	-	-	-	-	-	-	-	1,928,589	9,456	1,938,045
Total comprehensive income for the year (II)	-	-	8,201,569	(4,523)	2,178,505	67,462	-	-	1,928,589	8,495	12,380,097
IAS 29 inflation adjustments (III)	11,161,828	22,243	(3,436,261)	207,848	-	-	(279,830)	(177,765)	21,650,219	89,470	29,237,752
Foreign currency translation for legal reserves (IV)	-	-	-	-	-	-	-	-	31,145	-	31,145
Dividends distributed (V)	-	-	-	-	-	-	-	-	(1,307,328)	(60,346)	(1,367,674)
Balances at 30 June 2022 (I+II+III+IV+V)	37,515,557	74,759	2,375,281	(3,681,445)	13,373,153	326,934	(1,011,129)	157,016	76,923,223	361,104	126,414,453
Current period (30 June 2023) purchasing power adjustment effect	14,336,014	28,568	907,678	(1,406,810)	5,110,352	124,933	(386,388)	60,001	29,395,070	137,991	48,307,411
Balances at 30 June 2022	51,851,571	103,327	3,282,959	(5,088,255)	18,483,505	451,867	(1,397,517)	217,017	106,318,293	499,094	174,721,863
Balances at 31 December 2022 (I)	43,291,164	86,269	10,020,449	(4,120,096)	15,546,675	406,101	(2,100,587)	389,108	98,158,638	493,473	162,171,194
Current period (30 June 2023) purchasing power adjustment effect	8,560,406	17,059	1,981,446	(814,709)	3,074,204	80,303	(415,371)	76,942	19,409,916	97,579	32,067,775
Adjusted Balances at Beginning of Period	51,851,570	103,328	12,001,895	(4,934,805)	18,620,879	486,404	(2,515,958)	466,050	117,568,554	591,052	194,238,969
Net unrealized losses from debt instruments measured at fair value through other comprehensive income	-	-	(2,211,185)	-	-	-	-	-	-	(534)	(2,211,719)
Net unrealized gains from equity investments measured at fair value through other comprehensive income	-	-	-	-	-	209,976	-	-	-	-	209,976
Net realized losses on debt instruments measured at fair value through other comprehensive income recycled to statement of profit or loss at disposal	-	-	(1,591,427)	-	-	-	-	-	-	-	(1,591,427)
Foreign currency translation	-	-	503,007	4,292	8,712,995	-	-	-	-	-	9,220,294
Net change on revaluation surplus on tangible and intangible assets	-	-	-	-	-	-	-	6,082,670	-	-	6,082,670
Net change on actuarial gain/(loss) related to employee benefits	-	-	-	-	-	-	35,052	-	-	-	35,052
Net gains on cash flow hedges	-	-	-	1,354,516	-	-	-	-	-	-	1,354,516
Net change on net investment hedge for foreign operations	-	-	-	(3,236,420)	-	-	-	-	-	-	(3,236,420)
Net profit/loss for the period	-	-	-	-	-	-	-	-	16,458,874	223,659	16,682,533
Total comprehensive income for the year (II)	-	-	(3,299,605)	(1,877,612)	8,712,995	209,976	35,052	6,082,670	16,458,874	223,125	26,545,475
IAS 29 inflation adjustments (III)	8,560,406	17,059	827,901	328,678	-	-	(415,371)	(1,902,416)	16,961,419	1,568	24,379,244
Foreign currency translation for legal reserves (IV)	-	-	-	-	-	-	-	-	118,227	-	118,227
Dividends distributed (V)	-	-	-	-	-	-	-	-	(9,831,374)	(98,064)	(9,929,438)
Balances at 30 June 2023 (I+II+III+IV+V)	51,851,570	103,328	7,548,745	(5,669,030)	24,259,670	616,077	(2,480,906)	4,569,362	121,865,784	620,102	203,284,702

Türkiye Garanti Bankası AŞ And Its Subsidiaries
Interim Condensed Consolidated Statement of Cash Flows
For The Six-Month Period Ended 30 June 2023

(Currency: Thousands of Turkish Lira (TL) in terms of the purchasing power of the Turkish Lira (TL) at 30 June 2023 unless otherwise indicated)

	1 January 2023- 30 June 2023	1 January 2022- 30 June 2022
Cash flows from operating activities:-		
Interests and commissions received	12,829,341	77,852,323
Interests and commissions paid	48,914,585	(22,030,553)
Other operating activities, net	63,197,593	12,696,606
Cash payments to employees and suppliers	(23,394,089)	(16,740,242)
	<u>101,547,430</u>	<u>51,778,134</u>
(Increase)/decrease in operating assets:-		
Loans and advances to banks	131,309,055	266,898,469
Balances with central banks	(44,996,021)	(93,620,938)
Financial assets at fair value through profit or loss	(991,175)	9,018,497
Loans and advances to customers	(124,404,755)	65,536,227
Other assets	7,577,860	9,760,330
Increase/(decrease) in operating liabilities:-		
Deposits from banks	1,623,668	8,963,079
Deposits from customers	210,305,147	(135,666,895)
Obligations under repurchase agreements and money market fundings	16,923,888	16,678,234
Other liabilities	(99,030,662)	(15,086,128)
	<u>199,864,435</u>	<u>184,259,011</u>
Net cash inflows from operating activities before taxes and duties paid	199,864,435	184,259,011
Income taxes and other duties paid	10,140,748	10,464,053
	<u>210,005,183</u>	<u>194,723,064</u>
Net cash inflows/(outflows) from operating activities	210,005,183	194,723,064
Cash flows from investing activities:-		
Net decrease/(increase) in investment securities	(917,032)	(18,773,830)
Interest received for investment securities	6,540,538	5,254,455
Increase in equity investments	(12,390)	(13,821)
Dividends received	46,304	95,615
Proceeds from sale of tangible and intangible assets	532,107	368,186
Purchase of tangible and intangible assets	2,033,010	1,726,602
	<u>8,222,537</u>	<u>(11,342,794)</u>
Net cash inflows from investing activities	8,222,537	(11,342,794)
Cash flows from financing activities:-		
Increase in loans and advances from banks and other institutions, net	(7,400,804)	(46,370,815)
Cash obtained from debt securities issued	29,674,306	3,746,025
Cash used for repayment of debt securities issued	(34,786,163)	(10,012,933)
Payments for leases	(333,684)	(337,536)
Dividends paid	(9,929,438)	(1,983,917)
	<u>(22,775,783)</u>	<u>(54,959,176)</u>
Net cash (outflows)/inflows from financing activities	(22,775,783)	(54,959,176)
Effect of exchange rate changes	31,348,895	10,903,966
Inflation effect on cashflow	(148,118,548)	(160,902,901)
Net increase in cash and cash equivalents	78,682,284	(21,577,842)
Cash and cash equivalents at the beginning of the period	178,422,240	200,000,082
Cash and cash equivalents at the end of the period	257,104,524	178,422,240