

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Unconsolidated Financial Statements
As of and For the Nine-Month Period Ended 30 September 2023
With Independent Auditor's Review Report
(Convenience Translation of Unconsolidated
Financial Statements and Related Disclosures and Footnotes
Originally Issued in Turkish)



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REVIEW REPORT ON UNCONSOLIDATED INTERIM FINANCIAL INFORMATION

To the Board of Directors of Türkiye Kalkınma ve Yatırım Bankası A.Ş.

Introduction

We have reviewed the accompanying unconsolidated balance sheet of Türkiye Kalkınma ve Yatırım Bankası A.Ş. (the “Bank”) as of 30 September 2023 and the unconsolidated statement of profit or loss, unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in shareholders’ equity, unconsolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the unconsolidated financial information for the nine-month period then ended. The Bank Management is responsible for the preparation and fair presentation of these interim financial information 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 Board and Turkish Accounting Standard 34 “Interim Financial Reporting” principles for those matters not regulated by afore-mentioned legislations. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with Standard on Review Engagements (SRE) 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial reporting process and applying analytical and other review procedures. A review of interim financial information is substantially less in scope than an independent audit performed in accordance with the Independent Auditing Standards and consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated interim financial information does not present fairly in all material respects, the financial position of Türkiye Kalkınma ve Yatırım Bankası A.Ş. at 30 September 2023, and its financial performance and its cash flows for the nine-month period then ended in all aspects in accordance with the BRSA Accounting and Financial Reporting Legislation.

Report on other regulatory requirements arising from legislation

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

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

Orhan Akova, SMMM
Partner

26 October 2023
İstanbul, Türkiye

**THE UNCONSOLIDATED FINANCIAL REPORT OF TÜRKİYE KALKINMA VE YATIRIM
BANKASI A.Ş. FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2023**

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The unconsolidated financial report for nine months period prepared in accordance with the "Communiqué on Financial Statements to be Disclosed to Public by Banks and Explanations and Footnotes Thereof" as regulated by Banking Regulation and Supervision Agency, consists of the following sections:

- GENERAL INFORMATION ABOUT THE BANK
- UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK
- EXPLANATIONS ON THE CORRESPONDING ACCOUNTING POLICIES APPLIED IN THE RELATED PERIOD
- INFORMATION ON THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE BANK
- DISCLOSURES AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
- AUDITOR'S REVIEW REPORT
- UNCONSOLIDATED INTERIM ACTIVITY REPORT

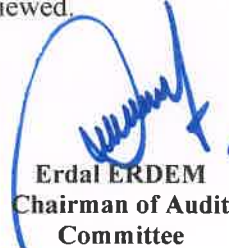
The accompanying unconsolidated financial statements and notes to these financial statements for nine months which are expressed, unless otherwise stated, in thousands of Turkish Lira have been prepared and presented based on the accounting books of the Bank in accordance with the Regulation on the Procedures and Principles for Accounting Practices and Retention of Documents by Banks, Turkish Accounting Standards, Turkish Financial Reporting Standards, and related appendices and interpretations of these, and have been independently reviewed.



Dr. Raci KAYA
Chairman of the Board



İbrahim H. ÖZTOP
CEO and Board Member



Erdal ERDEM
Chairman of Audit
Committee



Zeynep BOĞA
Deputy Chairman of
Audit Committee



Kerem DÖNMEZ
Member of Audit
Committee



Ömer KARADEMİR
Member of Audit
Committee



Nuri Yaşar KILAHÇI
Executive Vice
President



Aydın TOSUN
Head of Financial
Affairs

Information on the authorized personnel to whom questions related to this financial report may be directed:

Name Surname/Title : Atila ALPTEKİN / Finance Manager
Tel No : 0 216 636 88 87

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SECTION ONE

GENERAL INFORMATION

I. Establishment Date of the Bank, Initial Articles of Association, History of the Bank Including the Changes of These Articles:

The Bank was established on 27 November 1975 according to the Decree Based on Law numbered 13 as a related institution of the Ministry of Trade and Technology with the legal title of “Devlet Sanayi ve İşçi Yatırım Bankası A.Ş.”. Some adjustments were made on the status of the Bank with the Decree Based on Law numbered 165 dated 14 November 1983.

On 15 July 1988, its legal title was changed to Türkiye Kalkınma Bankası A.Ş. by being associated to the Prime Ministry in the context of the Decree Law numbered 329 and in parallel with the developments in its activities. The Bank had become a development and investment bank that provides financing support to companies in tourism sector as well as trade sector by taking over T.C. Turizm Bankası A.Ş. with all of its assets and liabilities with the decision of Supreme Planning Council dated 20 January 1989 and numbered 89/T-2. Also with the Decree Law numbered 401 dated 12 February 1990, some of the articles related to the Bank status were changed.

With the Law dated 14 October 1999 and numbered 4456, Decree Law numbered 13, 165, 329 and 401 were revoked and the establishment and operating principles of the Bank were rearranged.

Türkiye Kalkınma ve Yatırım Bankası A.Ş. Law dated 24 October 2018 and numbered 7147 was abolished and the Law dated 14 October 1999 and numbered 4456 was revoked. The Bank’s name was changed to Türkiye Kalkınma ve Yatırım Bankası A.Ş with the law numbered 7147.

II. Capital Structure of the Bank, Shareholders that Retain Direct or Indirect Control and Management of the Bank Solely or Together, Changes about These Issues During the Year and Disclosures about the Group:

The capital ceiling of the Bank which is subject to registered capital system is TL 10.000.000. The issued capital within the registered capital is TL 2.500.000 (The Bank’s capital consists of 250 billion shares with par value of TL 0,01 each), and the shareholders and their shares in the issued capital are shown below:

Shareholders	Share Amount (Thousand TL)	Share (%)	Paid-in Capital (Thousand TL)	Unpaid Capital (Thousand TL)
Republic of Türkiye Ministry of Treasury and Finance	2.477.038	99,08	2.477.038	-
Other Shareholders(*)	22.962	0,92	22.962	-
Total	2.500.000	100,00	2.500.000	-

(*) Includes all institutions and individuals and shares of these shareholders are traded in Borsa İstanbul. Therefore number of shareholders can’t be known.

SECTION ONE (Continued)

GENERAL INFORMATION (Continued)

III. Explanations Regarding the Bank's Chairman and Members of Board of Directors, Audit Committee Members, Chief Executive Officer and Executive Vice Presidents and Their Shares Attributable to the Bank, if any:

Chairman and Members of the Board of Directors:

Name Surname	Duty	Assignment Date	Education Level	Experience in Banking Sector (Years)
Dr. Raci KAYA	Chairman of the Board	09.11.2020	Doctorate	33
Ömer KARADEMİR	Deputy Chairman of the Board	25.03.2022	Master's Degree	17
İbrahim H. ÖZTOP	CEO and Board Member	13.12.2018	Master's Degree	27
Erdal ERDEM	Board Member	10.07.2020	Bachelor's Degree	28
Zeynep BOĞA	Board Member	04.08.2023	Master's Degree	18
Zekeriya ÇOŞTU	Board Member	04.08.2023	Master's Degree	16
Kerem DÖNMEZ	Board Member	04.08.2023	Master's Degree	16

General Manager, Executive Vice Presidents:

Name Surname	Duty	Assignment Date	Education Level	Experience in Banking Sector (Years)
İbrahim H. ÖZTOP	General Manager / Information Security, Legal Affairs, CEO Office Directorate and all other areas	16.08.2018	Master's Degree	27
Satı BALCI	EVP / Subsidiaries and Corporate Relations, Loan Operations, Treasury and Capital Markets Operations, Türkiye Development Fund	07.11.2017	Bachelor's Degree	35
Seçil KIZILKAYA YILDIZ	EVP / Financial Analysis and Valuation, Engineering, Economic Research, Sectoral Research, Mergers and Acquisition Advisory, Capital Markets Advisory, Financial Advisory, Corporate Communications, Sustainability and Environmental Social Impact Management	08.03.2019	Bachelor's Degree	24
Emine Özlem CİNEMRE	EVP / Treasury, Development Finance ve Financial Institutions ^(*) , Development Cooperation and Wholesale Banking	20.05.2019	Bachelor's Degree	36
Ali YUNUSLAR	EVP / IT Application Development, IT System and Infrastructure, Enterprise Architecture and Project Management	08.02.2022	Master's Degree	22
Yeşim ŞİMŞEK	EVP / Corporate Banking and Project Finance, Corporate Banking Sales	06.06.2022	Bachelor's Degree	33
Muzaffer Gökhan SONGÜL	EVP / Loan Allocation, Loan Monitoring	05.09.2022	Master's Degree	20
Nuri Yasin KÜLAHÇI	EVP / Human Resources, Support Services, Financial Affairs, Strategy and Organization, Budget and Cost Management	18.10.2022	Master's Degree	18

(*) With an amendment made on 10 July 2023, Development Finance Institutions and Financial Institutions Units were merged as Development Finance and Financial Institutions Unit. The duties and responsibilities of the Office of the Board of Directors have been transferred to the Legal Affairs Unit and the name of the CEO and Board of Directors Office Services Unit has been changed to the CEO Office Directorate.

SECTION ONE (Continued)

GENERAL INFORMATION (Continued)

III. Explanations Regarding the Bank's Chairman and Members of Board of Directors, Audit Committee Members, Chief Executive Officer and Executive Vice Presidents and Their Shares Attributable to the Bank, if any (Continued):

Chief Internal Inspector:

Name Surname	Duty	Assignment Date	Education Level	Experience in Banking Sector(Years)
Dr. Kaan Ramazan ÇAKALI	Chief Internal Inspector	27.05.2019	Doctorate	20

Executives mentioned above do not own any shares of the Bank in the part which is not publicly traded.

IV. Information About Persons and Institutions that Have Qualified Shares Attributable to the Bank:

Republic of Türkiye Ministry of Treasury and Finance owns 99,08% of the shares of the Bank.

V. Summary of Functions and Lines of Activities of the Bank:

As an investment and development bank of Türkiye Kalkınma ve Yatırım Bankası A.Ş.'s operating areas are supporting investments and projects for sustainable growth, ensuring the efficient use of capital and fund resources, financing domestic, international and international joint investments, and profit partnership or lease-based loan transactions by using modern development and investment banking tools in line with our country's development goals, to ensure that all development and investment banking functions can be performed in a competitive, dynamic and effective manner. As of 30 September 2023, the Bank has 1 branch operating in Ankara.

VI. Information on Application Differences Between Consolidation Practices as per the Regulation on Preparation of Consolidated Financial Statements of Banks and the Turkish Accounting Standards, and Entities Subject to Full or Proportional Consolidation or Deducted From Equity or Not Subject to Any of These Three Methods:

Since Kalkınma Yatırım Menkul Değerler A.Ş. which is the subsidiary of the Bank is in liquidation process, the Bank has lost control over its subsidiary in accordance with the related provisions of TAS and TFRS and net investment value of Kalkınma Yatırım Menkul Değerler A.Ş. in liquidation has been reclassified to financial assets measured at fair value through other comprehensive income.

The Bank has participated 100% in Kalkınma Yatırım Varlık Kiralama Anonim Şirketi established on 28 May 2020 with a nominal capital of TL 50 and a 100% participation in the Kalkınma Girişim Sermayesi Portföy Yönetimi Anonim Şirketi established on 17 November 2020 with a nominal capital of TL 1.800.

In accordance with the Communiqué on the Preparation of Consolidated Financial Statements of Banks and the Turkish Accounting Standards, Kalkınma Girişim Sermayesi Portföy Yönetimi Anonim Şirketi and Kalkınma Yatırım Varlık Kiralama Anonim Şirketi are consolidated in the consolidated financial statements by full consolidation method.

According to the Paragraph 4th of Article 6th of Law dated 24 October 2018 and numbered 7147 about Türkiye Kalkınma ve Yatırım Bankası A.Ş., the Bank is not subject to the provisions of the Consolidated Audit and Consolidated Financial Reporting in Banking Law No. 5411 and in the relevant legislation due to its shares in Türkiye Kalkınma Fonu of which the Bank is the founder.

Since the Bank's associates are not financial institutions, they are not consolidated using the equity method in the consolidated financial statements within the scope of the Communiqué on the Preparation of Consolidated Financial Statements of Banks.

VII. Current or Likely Actual or Legal Barriers to Immediate Transfer of Equity or Repayment of Debts Between the Bank and Its Subsidiaries:

As explained above, Kalkınma Yatırım Menkul Değerler A.Ş. is in liquidation process, and transfer of equity is expected to be made at the end of the liquidation process.

SECTION TWO

UNCONSOLIDATED FINANCIAL STATEMENTS

- I.** Balance Sheet (Statement of Financial Position)
- II.** Statement of Off-Balance Sheet Accounts
- III.** Statement of Profit or Loss
- IV.** Statement of Profit or Loss and Other Comprehensive Income
- V.** Statement of Changes in Shareholders' Equity
- VI.** Statement of Cash Flows

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.
Unconsolidated Balance Sheet (Statement of Financial Position) as of 30 September 2023
(Thousands of Turkish Lira (TL) unless otherwise stated)

I. BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)	Notes (Section Five I)	Reviewed Current Period 30 September 2023			Audited Prior Period 31 December 2022		
		TL	FC	TOTAL	TL	FC	TOTAL
ASSETS							
I. FINANCIAL ASSETS (NET)	(1)	23.983.421	10.534.160	34.517.581	18.032.182	6.310.761	24.342.943
1.1 Cash and Cash Equivalents		21.939.950	1.266.920	23.206.870	14.388.882	986.195	15.375.077
1.1.1 Cash and Balances with Central Bank		1.854	-	1.854	835	-	835
1.1.2 Banks		11.142.154	1.266.920	12.409.074	7.771.783	986.195	8.757.978
1.1.3 Money Markets		10.822.450	-	10.822.450	6.634.417	-	6.634.417
1.1.4 Expected Loss Provision (-)		(26.508)	-	(26.508)	(18.153)	-	(18.153)
1.2 Financial Assets Measured at Fair Value Through Profit or Loss		237.599	231.331	468.930	132.363	157.466	289.829
1.2.1 Government Securities		-	-	-	-	-	-
1.2.2 Equity Securities		237.599	231.331	468.930	132.363	157.466	289.829
1.2.3 Other Financial Assets		-	-	-	-	-	-
1.3 Financial Assets Measured at Fair Value Through Other Comprehensive Income		1.655.771	9.035.909	10.691.680	3.479.843	5.167.100	8.646.943
1.3.1 Government Securities		1.001.229	6.214.622	7.215.851	2.346.094	3.580.286	5.926.380
1.3.2 Equity Securities		18.383	-	18.383	17.174	-	17.174
1.3.3 Other Financial Assets		636.159	2.821.287	3.457.446	1.116.575	1.586.814	2.703.389
1.4 Derivative Financial Assets		150.101	-	150.101	31.094	-	31.094
1.4.1 Derivative Financial Assets Measured at Fair Value Through Profit or Loss		150.101	-	150.101	31.094	-	31.094
1.4.2 Derivative Financial Assets Measured at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
II. FINANCIAL ASSETS MEASURED AT AMORTISED COST (NET)	(2)	22.217.324	66.320.132	88.537.456	12.915.909	53.876.990	66.792.899
2.1 Loans		17.591.064	60.517.450	78.108.514	10.460.592	49.879.703	60.340.295
2.2 Lease Receivables		207	-	207	1	-	1
2.3 Factoring Receivables		-	-	-	-	-	-
2.4 Other Financial Assets Measured at Amortised Cost		5.881.835	5.802.682	11.684.517	3.564.936	3.997.287	7.562.223
2.4.1 Government Securities		5.881.835	5.747.320	11.629.155	3.564.936	3.997.287	7.562.223
2.4.2 Other Financial Assets		-	55.362	55.362	-	-	-
2.5 Expected Loss Provision (-)		(1.255.782)	-	(1.255.782)	(1.109.620)	-	(1.109.620)
III. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	(3)	-	-	-	-	-	-
3.1 Held for Sale Purpose		-	-	-	-	-	-
3.2 Related to Discontinued Operations		-	-	-	-	-	-
IV. EQUITY INVESTMENTS	(4)	27.831	-	27.831	14.636	-	14.636
4.1 Associates (Net)		10.586	-	10.586	10.586	-	10.586
4.1.1 Associates Accounted Based on Equity Method		-	-	-	-	-	-
4.1.2 Unconsolidated Financial Subsidiaries		10.586	-	10.586	10.586	-	10.586
4.2 Subsidiaries (Net)		17.245	-	17.245	4.050	-	4.050
4.2.1 Unconsolidated Financial Subsidiaries		17.245	-	17.245	4.050	-	4.050
4.2.2 Unconsolidated Non-Financial Subsidiaries		-	-	-	-	-	-
4.3 Joint Ventures (Net)		-	-	-	-	-	-
4.3.1 Joint Ventures Accounted Based on Equity Method		-	-	-	-	-	-
4.3.2 Unconsolidated Joint Ventures		-	-	-	-	-	-
V. TANGIBLE ASSETS (Net)	(6)	41.700	-	41.700	88.099	-	88.099
VI. INTANGIBLE ASSETS (Net)	(7)	29.355	-	29.355	21.596	-	21.596
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		29.355	-	29.355	21.596	-	21.596
VII. INVESTMENT PROPERTY (Net)	(8)	-	-	-	-	-	-
VIII. CURRENT TAX ASSET	(9)	-	-	-	-	-	-
IX. DEFERRED TAX ASSET	(10)	255.264	-	255.264	168.840	-	168.840
X. OTHER ASSETS	(11)	44.880	151.736	196.616	50.761	118.378	169.139
TOTAL ASSETS		46.599.775	77.006.028	123.605.803	31.292.023	60.306.129	91.598.152

The accompanying explanations and notes form an integral part of these financial statements.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.
Unconsolidated Balance Sheet (Statement of Financial Position) as of 30 September 2023

(Thousands of Turkish Lira (TL) unless otherwise stated)

I. BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)	Notes (Section Five II)	Reviewed Current Period 30 September 2023			Audited Prior Period 31 December 2022		
		TL	FC	TOTAL	TL	FC	TOTAL
LIABILITIES							
I. DEPOSITS	(1)	-	-	-	-	-	-
II. FUNDS BORROWED	(2)	16.205.783	69.964.363	86.170.146	8.959.064	54.380.664	63.339.728
III. MONEY MARKET FUNDS	(3)	3.849.964	-	3.849.964	2.960.566	-	2.960.566
IV. SECURITIES ISSUED (Net)	(4)	-	2.910.532	2.910.532	-	2.018.433	2.018.433
4.1 Bills		-	-	-	-	-	-
4.2 Asset Backed Securities		-	-	-	-	-	-
4.3 Bonds		-	2.910.532	2.910.532	-	2.018.433	2.018.433
V. FUNDS	(5)	5.012.609	3.607.024	8.619.633	6.158.015	2.260.810	8.418.825
5.1 Borrower Funds		673.157	2.176.035	2.849.192	1.626.575	1.425.057	3.051.632
5.2 Other		4.339.452	1.430.989	5.770.441	4.531.440	835.753	5.367.193
VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	(6)	-	-	-	-	-	-
VII. DERIVATIVE FINANCIAL LIABILITIES	(7)	26.555	136	26.691	11.157	-	11.157
7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss		26.555	136	26.691	11.157	-	11.157
7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
VIII. FACTORING LIABILITIES	(8)	-	-	-	-	-	-
IX. LEASE LIABILITIES (Net)	(9)	17.595	-	17.595	22.889	-	22.889
X. PROVISIONS	(11)	240.025	-	240.025	164.441	-	164.441
10.1 Restructuring Provisions		-	-	-	-	-	-
10.2 Reserve for Employee Benefits		166.329	-	166.329	112.491	-	112.491
10.3 Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4 Other Provisions		73.696	-	73.696	51.950	-	51.950
XI. CURRENT TAX LIABILITY	(12)	946.261	-	946.261	286.521	-	286.521
XII. DEFERRED TAX LIABILITY	(13)	-	-	-	-	-	-
XIII. LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)	(14)	-	-	-	-	-	-
13.1 Held for Sale Purpose		-	-	-	-	-	-
13.2 Related to Discontinued Operations		-	-	-	-	-	-
XIV. SUBORDINATED DEBT INSTRUMENTS	(15)	3.141.310	6.958.540	10.099.850	2.301.046	4.646.290	6.947.336
14.1 Loans		3.141.310	6.958.540	10.099.850	2.301.046	4.646.290	6.947.336
14.2 Other Debt Instruments		-	-	-	-	-	-
XV. OTHER LIABILITIES	(16)	460.396	506.109	966.505	268.330	316.544	584.874
XVI. SHAREHOLDERS' EQUITY	(17)	9.770.500	(11.899)	9.758.601	6.855.301	(11.919)	6.843.382
16.1 Paid-in capital		2.500.000	-	2.500.000	2.500.000	-	2.500.000
16.2 Capital Reserves		210.112	-	210.112	210.112	-	210.112
16.2.1 Share Premium		4.038	-	4.038	4.038	-	4.038
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Other Capital Reserves		206.074	-	206.074	206.074	-	206.074
16.3 Accumulated Other Comprehensive Income or Loss that will not be Reclassified to Profit or Loss		(506)	-	(506)	(506)	-	(506)
16.4 Accumulated Other Comprehensive Income or Loss that will be Reclassified to Profit or Loss		181.106	(11.899)	169.207	176.527	(11.919)	164.608
16.5 Profit Reserves		3.969.168	-	3.969.168	2.277.800	-	2.277.800
16.5.1 Legal Reserves		219.869	-	219.869	135.300	-	135.300
16.5.2 Status Reserves		-	-	-	-	-	-
16.5.3 Extraordinary Reserves		3.695.073	-	3.695.073	2.088.274	-	2.088.274
16.5.4 Other Profit Reserves		54.226	-	54.226	54.226	-	54.226
16.6 Profit or (Loss)		2.910.620	-	2.910.620	1.691.368	-	1.691.368
16.6.1 Prior Periods' Profit or (Loss)		-	-	-	-	-	-
16.6.2 Current Period Profit or (Loss)		2.910.620	-	2.910.620	1.691.368	-	1.691.368
TOTAL LIABILITIES		39.670.998	83.934.805	123.605.803	27.987.330	63.610.822	91.598.152

The accompanying explanations and notes form an integral part of these financial statements.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.
Unconsolidated Statement of Off-Balance Sheet Accounts as of 30 September 2023
(Thousands of Turkish Lira (TL) unless otherwise stated)

II.	STATEMENT OF OFF-BALANCE SHEET ACCOUNTS	Notes (Section Five III)	Reviewed Current Period 30 September 2023			Audited Prior Period 31 December 2022		
			TL	FC	Total	TL	FC	Total
A.	OFF-BALANCE SHEET COMMITMENTS (I+II+III)		15.357.642	22.133.005	37.490.647	15.895.680	24.864.825	40.760.505
I.	GUARANTEES AND WARRANTIES	(1)	83.735	3.874.953	3.958.688	72.418	2.969.043	3.041.461
1.1	Letters of Guarantee		83.735	3.306.436	3.390.171	72.418	2.408.778	2.481.196
1.1.1	Guarantees Subject to State Tender Law		-	-	-	-	-	-
1.1.2	Guarantees Given for Foreign Trade Operations		1	-	1	1	-	1
1.1.3	Other Letters of Guarantee		83.734	3.306.436	3.390.170	72.417	2.408.778	2.481.195
1.2	Bank Acceptances		-	-	-	-	-	-
1.2.1	Import Letter of Acceptance		-	-	-	-	-	-
1.2.2	Other Bank Acceptances		-	-	-	-	-	-
1.3	Letters of Credit		-	-	-	-	118.700	118.700
1.3.1	Documentary Letters of Credit		-	-	-	-	118.700	118.700
1.3.2	Other Letters of Credit		-	-	-	-	-	-
1.4	Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5	Endorsements		-	-	-	-	-	-
1.5.1	Endorsements to the Central Bank of the Republic of Türkiye		-	-	-	-	-	-
1.5.2	Other Endorsements		-	-	-	-	-	-
1.6	Purchase Guarantees on Marketable Security Issuance		-	-	-	-	-	-
1.7	Factoring Guarantees		-	-	-	-	-	-
1.8	Other Guarantees		-	568.517	568.517	-	441.565	441.565
1.9	Other Collaterals		-	-	-	-	-	-
II.	COMMITMENTS	(1,3)	3.540.871	6.421.479	9.962.350	4.274.782	8.176.009	12.450.791
2.1	Irrevocable Commitments		332.691	41.351	374.042	376.782	291.108	667.890
2.1.1	Asset Purchase and Sale Commitments		12.336	41.303	53.639	248.875	285.102	533.977
2.1.2	Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3	Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4	Loan Granting Commitments		-	-	-	-	-	-
2.1.5	Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6	Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7	Commitments for Cheques		-	-	-	-	-	-
2.1.8	Tax and Fund Liabilities from Export Commitments		-	-	-	-	-	-
2.1.9	Commitments for Credit Card Limits		-	-	-	-	-	-
2.1.10	Commitments for Credit Cards and Banking Services Promotions		-	-	-	-	-	-
2.1.11	Receivables from Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12	Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.13	Other Irrevocable Commitments		320.355	48	320.403	127.907	6.006	133.913
2.2	Revocable Commitments		3.208.180	6.380.128	9.588.308	3.898.000	7.884.901	11.782.901
2.2.1	Revocable Loan Granting Commitments		3.208.180	6.380.128	9.588.308	3.898.000	7.884.901	11.782.901
2.2.2	Other Revocable Commitments		-	-	-	-	-	-
III.	DERIVATIVE FINANCIAL INSTRUMENTS	(2)	11.733.036	11.836.573	23.569.609	11.548.480	13.719.773	25.268.253
3.1	Hedging Derivative Financial Instruments		-	-	-	-	-	-
3.1.1	Transactions for Fair Value Hedge		-	-	-	-	-	-
3.1.2	Transactions for Cash Flow Hedge		-	-	-	-	-	-
3.1.3	Transactions for Foreign Net Investment Hedge		-	-	-	-	-	-
3.2	Trading Transactions		11.733.036	11.836.573	23.569.609	11.548.480	13.719.773	25.268.253
3.2.1	Forward Foreign Currency Buy/Sell Transactions		-	-	-	-	-	-
3.2.1.1	Forward Foreign Currency Transactions-Buy		-	-	-	-	-	-
3.2.1.2	Forward Foreign Currency Transactions-Sell		-	-	-	-	-	-
3.2.2	Swap Transactions Related to Foreign Currency and Interest Rates		11.733.036	11.836.573	23.569.609	11.548.480	13.719.773	25.268.253
3.2.2.1	Foreign Currency Swap-Buy		2.398.229	9.375.793	11.774.022	4.004.626	8.635.097	12.639.723
3.2.2.2	Foreign Currency Swap-Sell		9.334.807	2.460.780	11.795.587	7.543.854	5.084.676	12.628.530
3.2.2.3	Interest Rate Swap-Buy		-	-	-	-	-	-
3.2.2.4	Interest Rate Swap-Sell		-	-	-	-	-	-
3.2.3	Foreign Currency, Interest rate and Securities Options		-	-	-	-	-	-
3.2.3.1	Foreign Currency Options-Buy		-	-	-	-	-	-
3.2.3.2	Foreign Currency Options-Sell		-	-	-	-	-	-
3.2.3.3	Interest Rate Options-Buy		-	-	-	-	-	-
3.2.3.4	Interest Rate Options-Sell		-	-	-	-	-	-
3.2.3.5	Securities Options-Buy		-	-	-	-	-	-
3.2.3.6	Securities Options-Sell		-	-	-	-	-	-
3.2.4	Foreign Currency Futures		-	-	-	-	-	-
3.2.4.1	Foreign Currency Futures-Buy		-	-	-	-	-	-
3.2.4.2	Foreign Currency Futures-Sell		-	-	-	-	-	-
3.2.5	Interest Rate Futures		-	-	-	-	-	-
3.2.5.1	Interest Rate Futures-Buy		-	-	-	-	-	-
3.2.5.2	Interest Rate Futures-Sell		-	-	-	-	-	-
3.2.6	Other		-	-	-	-	-	-
B.	CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		93.381.232	296.871.660	390.252.892	34.846.478	138.878.523	173.725.001
IV.	ITEMS HELD IN CUSTODY		64.097	-	64.097	145.502	-	145.502
4.1	Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2	Investment Securities Held in Custody		64.097	-	64.097	145.502	-	145.502
4.3	Checks Received for Collection		-	-	-	-	-	-
4.4	Commercial Notes Received for Collection		-	-	-	-	-	-
4.5	Other Assets Received for Collection		-	-	-	-	-	-
4.6	Assets Received for Public Offering		-	-	-	-	-	-
4.7	Other Items Under Custody		-	-	-	-	-	-
4.8	Custodians		-	-	-	-	-	-
V.	PLEDGES RECEIVED		93.317.135	296.871.660	390.188.795	34.700.976	138.878.523	173.579.499
5.1	Marketable Securities		15.655.237	-	15.655.237	14.456.671	-	14.456.671
5.2	Guarantee Notes		9.429	6.286.995	6.296.424	23.802	8.409.098	8.432.900
5.3	Commodity		-	-	-	-	-	-
5.4	Warranty		-	-	-	-	-	-
5.5	Immovable		72.428.470	265.520.544	337.949.014	18.515.370	112.182.375	130.697.745
5.6	Other Pledged Items		5.087.801	21.176.134	26.263.935	1.552.935	14.503.877	16.056.812
5.7	Pledged Items-Depository		136.198	3.887.987	4.024.185	152.198	3.783.173	3.935.371
VI.	ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		-	-	-	-	-	-
	TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		108.738.874	319.004.663	427.743.539	50.742.158	163.743.348	214.485.506

The accompanying explanations and notes form an integral part of these financial statements.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.
Unconsolidated Statement of Profit or Loss for the Period Ended 30 September 2023

(Thousands of Turkish Lira (TL) unless otherwise stated)

III. STATEMENT OF PROFIT OR LOSS		Note (Section Five IV)	Reviewed	Reviewed	Reviewed	Reviewed
			Current Period 1 January- 30 September 2023	Prior Period 1 January- 30 September 2022	Current Period 1 July-30 September 2023	Current Period 1 July-30 September 2022
INCOME AND EXPENSE ITEMS						
I.	INTEREST INCOME	(1)	10.554.950	4.385.032	4.174.756	1.823.904
1.1	Interest on Loans		4.906.768	2.077.110	1.767.819	886.728
1.2	Interest on Reserve Requirements		-	-	-	-
1.3	Interest on Banks		2.119.153	609.651	936.982	291.358
1.4	Interest on Money Market Transactions		1.325.099	319.246	496.800	160.277
1.5	Interest on Marketable Securities Portfolio		2.203.859	1.376.768	973.155	484.602
1.5.1	Fair Value Through Profit or Loss		-	-	-	-
1.5.2	Fair Value Through Other Comprehensive Income		741.116	491.679	292.529	178.786
1.5.3	Measured at Amortised Cost		1.462.743	885.089	680.626	305.816
1.6	Financial Lease Income		-	-	-	-
1.7	Other Interest Income		71	2.257	-	939
II.	INTEREST EXPENSE (-)	(2)	(5.598.723)	(2.278.237)	(2.234.833)	(997.447)
2.1	Interest on Deposits		-	-	-	-
2.2	Interest on Funds Borrowed		(4.758.245)	(1.941.841)	(1.880.505)	(799.994)
2.3	Interest Expense on Money Market Transactions		(295.956)	(195.614)	(154.984)	(99.783)
2.4	Interest on Securities Issued		(121.463)	(1.995)	(48.501)	(1.995)
2.5	Measured at Amortised Expense		(2.279)	(1.590)	(669)	(476)
2.6	Other Interest Expenses		(420.780)	(137.197)	(150.174)	(95.199)
III.	NET INTEREST INCOME (I - II)		4.956.227	2.106.795	1.939.923	826.457
IV.	NET FEES AND COMMISSIONS INCOME		70.561	33.745	17.344	17.382
4.1	Fees and Commissions Received		101.848	49.822	26.126	23.594
4.1.1	Non-cash Loans		61.661	31.645	16.954	12.919
4.1.2	Other	(12)	40.187	18.177	9.172	10.675
4.2	Fees and Commissions Paid		(31.287)	(16.077)	(8.782)	(6.212)
4.2.1	Non-cash Loans		-	-	-	-
4.2.2	Other	(12)	(31.287)	(16.077)	(8.782)	(6.212)
V.	DIVIDEND INCOME	(3)	9.349	27.290	6.579	23.746
VI.	TRADING PROFIT / (LOSS) (Net)	(4)	(132.895)	18.029	(124.861)	38.816
6.1	Trading Gains / (Losses) on Securities		103.861	45.241	19.867	33.452
6.2	Gains / (Losses) on Derivative Financial Transactions		1.849.167	306.693	46.357	151.200
6.3	Foreign Exchange Gains / (Losses)		(2.085.923)	(333.905)	(191.085)	(145.836)
VII.	OTHER OPERATING INCOME	(5)	213.448	113.924	58.190	40.795
VIII.	GROSS OPERATING INCOME (III+IV+V+VI+VII)		5.116.690	2.299.783	1.897.175	947.196
IX.	EXPECTED CREDIT LOSS (-)	(6)	(311.821)	(363.015)	(59.694)	(207.420)
X.	OTHER PROVISION EXPENSE (-)	(6)	(143.398)	(134.751)	(56.990)	(43.712)
XI.	PERSONNEL EXPENSE (-)		(307.501)	(147.929)	(117.049)	(59.835)
XII.	OTHER OPERATING EXPENSES (-)	(7)	(279.608)	(69.361)	(59.722)	(27.963)
XIII.	NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)		4.074.362	1.584.727	1.603.720	608.266
XIV.	EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER		-	-	-	-
	INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES		-	-	-	-
XV.	CONSOLIDATED BASED ON EQUITY METHOD		-	-	-	-
XVI.	INCOME/(LOSS) ON NET MONETARY POSITION		-	-	-	-
XVII.	PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XIII+...+XVI)	(8)	4.074.362	1.584.727	1.603.720	608.266
XVIII.	TAX PROVISION FOR CONTINUED OPERATIONS (±)	(9)	(1.163.742)	(423.288)	(604.302)	(179.996)
18.1	Current Tax Provision		(1.263.294)	(510.289)	(894.008)	(212.237)
18.2	Deferred Tax Income Effect (+)		-	-	190.154	-
18.3	Deferred Tax Expense Effect (-)		99.552	87.001	99.552	32.241
XIX.	CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XVII±XVIII)	(10)	2.910.620	1.161.439	999.418	428.270
XX.	INCOME FROM DISCONTINUED OPERATIONS		-	-	-	-
20.1	Income from Non-current Assets Held for Sale		-	-	-	-
20.2	Profit from Sales of Associates, Subsidiaries and Joint Ventures		-	-	-	-
20.3	Income from Other Discontinued Operations		-	-	-	-
XXI.	EXPENSES FOR DISCONTINUED OPERATIONS (-)		-	-	-	-
21.1	Expenses for Non-current Assets Held for Sale		-	-	-	-
21.2	Loss from Sales of Associates, Subsidiaries and Joint Ventures		-	-	-	-
21.3	Expenses for Other Discontinued Operations		-	-	-	-
	PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XX±XXI)		-	-	-	-
XXII.	(XX-XXI)		-	-	-	-
XXIII.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-	-	-
23.1	Current Tax Provision		-	-	-	-
23.2	Deferred Tax Expense Effect (+)		-	-	-	-
23.3	Deferred Tax Income Effect (-)		-	-	-	-
	CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)		-	-	-	-
XXIV.	OPERATIONS (XXII±XXIII)		-	-	-	-
XXV.	NET PROFIT/(LOSS) (XIX+XXIV)	(11)	2.910.620	1.161.439	999.418	428.270
25.1	Earning/(Loss) per share (in TL full)		0.012	0.006	0.004	0.002

The accompanying explanations and notes form an integral part of these financial statements.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.
Unconsolidated Statement of Profit or Loss and Other Comprehensive Income
for the Period Ended 30 September 2023
(Thousands of Turkish Lira (TL) unless otherwise stated)

IV. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		Reviewed Current Period 1 January-30 September 2023	Reviewed Prior Period 1 January-30 September 2022
I. CURRENT PERIOD PROFIT/LOSS		2.910.620	1.161.439
II. OTHER COMPREHENSIVE INCOME		4.599	118.027
2.1 Not Reclassified to Profit or Loss		-	-
2.1.1 Property and Equipment Revaluation Increase/Decrease		-	-
2.1.2 Intangible Assets Revaluation Increase/Decrease		-	-
2.1.3 Defined Benefit Pension Plan Remeasurement Gain/Loss		-	-
2.1.4 Other Comprehensive Income Items Not Reclassified Through Profit or Loss		-	-
2.1.5 Tax Related Other Comprehensive Income Items Not Reclassified Through Profit or Loss		-	-
2.2 Reclassified to Profit or Loss		4.599	118.027
2.2.1 Foreign Currency Translation Differences		-	-
2.2.2 Valuation and/or Reclassification Income/Expense of the Financial Assets at Fair Value through Other Comprehensive Income		8.263	161.321
2.2.3 Cash Flow Hedge Income/Loss		-	-
2.2.4 Foreign Net Investment Hedge Income/Loss		-	-
2.2.5 Other Comprehensive Income Items Reclassified Through Profit or Losses		9.464	1.467
2.2.6 Tax Related Other Comprehensive Income Items Reclassified Through Profit or Loss		(13.128)	(44.761)
III. TOTAL COMPREHENSIVE INCOME (I+II)		2.915.219	1.279.466

The accompanying explanations and notes form an integral part of these financial statements.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.
Unconsolidated Statement of Changes in Shareholders' Equity for the Period Ended 30 September 2023

(Thousands of Turkish Lira (TL) unless otherwise stated)

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY		Paid-in Capital	Share Premium	Share Certificate Cancel Profits	Other Capital Reserves	Other Comprehensive Income/Expense Items not to be Reclassified to Profit or Loss						Profit Reserves	Prior Period Net Income/(Loss)	Current Period Net Income/(Loss)	Total Equity
						Other Comprehensive Income/Expense Items not to be Reclassified to Profit or Loss			Other Comprehensive Income/Expense Items to be Reclassified to Profit or Loss						
						1	2	3	4	5	6				
	Prior Period 30 September 2022														
I.	Balance at the beginning of the period	2.000.000	3.747	-	206.074	-	(998)	-	-	(23.259)	-	1.463.876	813.924	-	4.463.364
II.	Adjustment in accordance with TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	Effect of adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	New balance (I+II)	2.000.000	3.747	-	206.074	-	(998)	-	-	(23.259)	-	1.463.876	813.924	-	4.463.364
IV.	Total comprehensive income (loss)	-	-	-	-	-	-	-	-	116.560	1.467	-	-	1.161.439	1.279.466
V.	Capital increase in cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Capital increase through internal reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Issued capital inflation adjustment difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Convertible bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Subordinated debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Increase (decrease) through other changes, equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Profit distribution	-	-	-	-	-	-	-	-	-	-	813.924	(813.924)	-	-
11.1	Dividends distributed	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	Transfers to legal reserves	-	-	-	-	-	-	-	-	-	-	813.924	(813.924)	-	-
11.3	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances (III+IV+.....+X+XI)		2.000.000	3.747	-	206.074	-	(998)	-	-	93.301	1.467	2.277.800	-	1.161.439	5.742.830
	Current Period 30 September 2023														
I.	Balance at the beginning of the period	2.500.000	4.038	-	206.074	-	(506)	-	-	163.141	1.467	2.277.800	1.691.368	-	6.843.382
II.	Adjustment in accordance with TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	Effect of adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	New balance (I+II)	2.500.000	4.038	-	206.074	-	(506)	-	-	163.141	1.467	2.277.800	1.691.368	-	6.843.382
IV.	Total comprehensive income (loss)	-	-	-	-	-	-	-	-	(4.865)	9.464	-	-	2.910.620	2.915.219
V.	Capital increase in cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Capital increase through internal reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Issued capital inflation adjustment difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Convertible bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Subordinated debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Increase (decrease) through other changes, equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Profit distribution	-	-	-	-	-	-	-	-	-	-	1.691.368	(1.691.368)	-	-
11.1	Dividends distributed	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	Transfers to legal reserves	-	-	-	-	-	-	-	-	-	-	1.691.368	(1.691.368)	-	-
11.3	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances (III+IV+.....+X+XI)		2.500.000	4.038	-	206.074	-	(506)	-	-	158.276	10.931	3.969.168	-	2.910.620	9.758.601

1. Accumulated revaluation increases/decreases of fixed assets,

2. Accumulated remeasurement gains/losses of defined benefit plans,

3. Other (Shares of other comprehensive income of investments valued by the equity method that will not be reclassified to profit/loss and accumulated amounts of other comprehensive income elements that will not be reclassified to profit or loss)

4. Foreign currency translation differences,

5. Accumulated revaluation and/or reclassification gains/losses of financial assets at fair value through other comprehensive income,

6. Other (represents cash flow hedging gains/losses, shares of other comprehensive income of investments valued by the equity method to be classified in profit/loss, and accumulated amounts of other comprehensive income items to be reclassified as other profit or loss)

The accompanying explanations and notes form an integral part of these financial statements.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.
Unconsolidated Statement of Cash Flows for the Period Ended 30 September 2023
(Thousands of Turkish Lira (TL) unless otherwise stated)

VI. STATEMENT OF CASH FLOWS		
	Reviewed Current Period 1 January-30 September 2023	Reviewed Prior Period 1 January-30 September 2022
A. CASH FLOWS FROM BANKING OPERATIONS		
1.1 Operating Profit Before Changes in Operating Assets and Liabilities	2.912.115	593.988
1.1.1 Interest Received	8.200.961	2.918.158
1.1.2 Interest Paid	(3.858.002)	(1.241.578)
1.1.3 Dividend Received	9.349	27.289
1.1.4 Fees and Commissions Received	101.848	49.822
1.1.5 Other Income	-	56.041
1.1.6 Collections from Previously Written-off Loans and Other Receivables	117.875	58.044
1.1.7 Payments to Personnel and Service Suppliers	(392.204)	(184.062)
1.1.8 Taxes Paid	(656.223)	(314.096)
1.1.9 Other	(611.489)	(775.630)
1.2 Changes in Operating Assets and Liabilities	2.880.547	5.302.015
1.2.1 Net Increase/Decrease in Financial Assets at Fair Value Through Profit or Loss	(74.712)	(17.611)
1.2.2 Net (increase) / decrease in due from banks and other financial institutions	-	-
1.2.3 Net (increase) / decrease in loans	5.373.405	(5.032.760)
1.2.4 Net (increase) / decrease in other assets	139.976	(54.290)
1.2.5 Net increase / (decrease) in bank deposits	-	-
1.2.6 Net increase / (decrease) in other deposits	-	-
1.2.7 Net increase/ (decrease) in Financial Liabilities at Fair Value Through Profit or Loss	-	-
1.2.8 Net increase / (decrease) in funds borrowed	(2.815.011)	6.074.520
1.2.9 Net increase / (decrease) in payables	-	-
1.2.10 Net increase / (decrease) in other liabilities	256.889	4.332.156
I. Net Cash Provided from Banking Operations	5.792.662	5.896.003
B. CASH FLOWS FROM INVESTMENT ACTIVITIES		
II. Net Cash Provided from Investing Activities	(21.634)	(3.324.423)
2.1 Cash paid for acquisition of investments, associates and subsidiaries	(6.536)	-
2.2 Cash obtained from disposal of investments, associates and subsidiaries	-	-
2.3 Purchases of property and equipment	(7.598)	(15.029)
2.4 Disposals of property and equipment	420.134	26.559
2.5 Purchase of Financial Assets at Fair Value Through Other Comprehensive Income	(14.489.950)	(6.000.699)
2.6 Sale of Financial Assets at Fair Value Through Other Comprehensive Income	14.931.889	4.884.108
2.7 Purchase of Financial Assets Measured at Amortised Cost	(1.349.095)	(2.218.867)
2.8 Sale of Financial Assets Measured at Amortised Cost	492.749	-
2.9 Other	(13.227)	(495)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
III. Net Cash Provided from Financing Activities	(11.806)	3.293.576
3.1 Cash Obtained from Funds Borrowed and Securities Issued	-	3.300.030
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued	-	-
3.3 Issued Equity Instruments	-	-
3.4 Dividends Paid	-	-
3.5 Payments for Finance Leases	(11.806)	(6.454)
3.6 Other	-	-
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents	1.790.212	672.105
V. Net Decrease/ Increase in Cash and Cash Equivalents (I+II+III+IV)	7.549.434	6.537.261
VI. Cash and Cash Equivalents at the Beginning of the Period	15.299.325	4.262.245
VII. Cash and Cash Equivalents at the End of the Period	22.848.759	10.799.506

The accompanying explanations and notes form an integral part of these financial statements.

SECTION THREE

ACCOUNTING POLICIES

I. Explanations on Basis of Presentation:

a. The preparation of financial statements and related notes according to Turkish Accounting Standards and Regulation on the Procedures and Principles for Accounting Practices and Retention of Documents by Banks:

As prescribed in the Article 37 of the Banking Act No. 5411, the Bank prepares its financial statements and underlying documents in accordance with the “Regulation on the Procedures and Principles for Accounting Practices and Retention of Documents by Banks” and other regulations, explanations and circulars on accounting and financial reporting principles announced by the Banking Regulation and Supervision Agency (“BRSA”) and Turkish Accounting Standards (“TAS”) and Turkish Financial Reporting Standards (“TFRS”) published by Public Oversight Accounting and Auditing Standards Authority (“POA”) except for matters regulated by BRSA legislation (together referred as “BRSA Accounting and Financial Reporting Legislation”).

The accompanying financial statements and explanations and notes to these statements as of 30 June 2023 have been prepared in accordance with the “Communiqué on Financial Statements to be Disclosed to Public by Banks and Explanations and Footnotes Thereof” published in the Official Gazette numbered 28337, dated 28 June 2012 and “Communiqué on Disclosures About Risk Management to be Announced to Public by Banks” published in the Official Gazette numbered 29511, dated 23 October 2015 and amendments and changes to these communiqués.

b. Changes in accounting policies and disclosures:

In the announcement dated 20 January 2022 made by the POA, it has been stated that companies applying TFRS will not need to make any adjustments in their financial statements within the scope of the TAS 29 Financial Reporting Standard in Hyperinflationary Economies. Since the POA did not make any new announcement, while preparing the financial statements as of 30 September 2023, no inflation adjustment was made according to TAS 29.

c. Other issues:

Due to the negativities caused by the Kahramanmaraş centered earthquakes on 6 February 2023, affecting many of our provinces and shocking our whole country, in accordance with the Official Gazette numbered 32098, dated Wednesday, 8 February 2023, state of emergency was declared in Adana, Adıyaman, Diyarbakır, Gaziantep, Hatay, Kahramanmaraş, Kilis, Malatya, Osmaniye and Şanlıurfa provinces for three months.

Developments related to the said natural disaster are closely monitored and their effects on the Bank’s financial position and operations are followed by the Bank’s Senior Management.

The estimated effect of the earthquake is taken into consideration in the expected loan loss provisions calculation and reflected in the financial statements dated 30 September 2023. The earthquake effect on the expected loan loss provisions is disclosed in Note IX “Explanations on Impairment of Financial Assets”.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

II. Basis of Valuation Used in the Preparation of Financial Statements:

Accounting policies for the preparation of financial statements and valuation principles used are applied in accordance with BRSA Accounting and Financial Reporting Legislation. Those accounting policies and valuation principles are explained below notes through II – XXIII.

Except for the financial assets and liabilities carried at fair value, the unconsolidated financial statements have been prepared in thousand of Turkish Lira (“TL”) under the historical cost.

III. Explanations on Utilization Strategy of Financial Instruments and Foreign Currency Transactions:

Most of the liabilities of the balance sheet of the Bank consists of funds obtained from domestic and international markets. The majority of funds obtained domestically consists of funds provided by Central Bank of the Republic of Türkiye, international institutions such as Islamic Development Bank and German Development Bank via Republic of Türkiye Ministry of Treasury and Finance and budget originated funds and the rest consists of funds provided through short-term money market transactions within the framework of balance sheet management. The Bank acts as an intermediary for those funds provided by the Republic of Türkiye Ministry of Treasury and Finance to be utilized in various sectors. The funds obtained internationally consist of medium and long term loans borrowed from World Bank, European Investment Bank, Council of Europe Development Bank, Islamic Development Bank, Japan Bank for International Cooperation, Black Sea Trade and Development Bank, Asian Infrastructure Investment Bank, German Development Bank, China Development Bank and the securities issued as allocated to French Development Agency.

During the utilization of the funds obtained, the Bank pays attention for utilization of loans in line with borrowing conditions while taking assets-liability mismatch into account, and tries to avoid maturity, exchange rate and liquidity risks. Exchange rate risk, interest rate risk and liquidity risk are measured and monitored on a regular basis, necessary measures are taken as a result of changes in the market data and balance sheet management is performed within the predetermined risk limits and legal limits.

A non-speculative exchange rate position risk management is applied to limit the Bank’s exchange rate risk. For that reason, during the determination of the allocation of balance sheet and off-balance sheet assets according to currencies, foreign currency management policy is applied in the most effective way.

Commercial placements are directed to high-profit and low-risk assets by taking Bank-specific and domestic economic expectations, market conditions, expectations and inclinations of loan customers, risks like interest, liquidity, exchange rate etc. into account, and safety policy is kept in the foreground for placement activities. Basic macro goals concerning balance sheet sizes are determined during budgeting and the transactions are carried out according to work programs prepared in this context. The exchange rates, interest and price movements are closely monitored; transaction and control limits that are developed from the Bank’s previous experiences are based on when taking positions as well as legal limits. In this way, limit excesses are prevented.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

III. Explanations on Utilization Strategy of Financial Instruments and Foreign Currency Transactions (Continued):

During foreign currency transactions, procedures detailed below are applied.

- a. Foreign currency monetary assets and liabilities are translated to Turkish Lira (TL) with the buying exchange rates announced by the Bank at the end of period and foreign exchange differences are accounted as foreign exchange gain or loss.
- b. There are no exchange rate differences capitalized as of the balance sheet date.
- c. Basic principles of exchange rate risk management policy: Decisions to avoid exchange rate and parity risks are taken by the Asset-Liability Committee that meets regularly. The decisions are in line with the models prepared in the context of the basic boundaries of Foreign Currency Net General Position/Shareholders' Equity Ratio which is included in legal requirements, and those decisions are carried out carefully. To avoid parity risk, foreign exchange position is managed by taking singular and general positions.
- d. Foreign currency transactions are calculated using the exchange rates prevailing at the dates of transactions and the profit/losses are included in the statement of profit or loss of the related period.

IV. Explanations on Associates and Subsidiaries:

Associates and subsidiaries are accounted at cost in the unconsolidated financial statements and if any, provisions for impairment losses are deducted in accordance with TAS 27 Turkish Accounting Standard for Individual Financial Statements.

V. Explanations on Futures, Options Contracts and Derivative Instruments:

Derivative transactions of the Bank mainly consist of forward foreign currency purchase and sale and currency swap transactions. The Bank has no derivative instruments that can be separated from the host contract.

Derivative instruments are classified as "Derivative Financial Assets at Fair Value Through Profit or Loss" or "Derivative Financial Assets at Fair Value Through Other Comprehensive Income" within the scope of TFRS 9 Financial Instruments. Derivative financial instruments are recorded with the fair value at the date of agreement and revalued at fair value in the following reporting periods. Depending on whether the valuation difference is negative or positive, these differences are shown in the relevant accounts in the balance sheet. Receivables and liabilities arising from derivative transactions are recorded in off-balance sheet accounts over their contract amounts. Differences in the fair value of derivative transactions at fair value through profit or loss are accounted for under profit/loss from derivative financial transactions in the trading profit/loss item in statement of profit or loss.

VI. Explanations on Interest Income and Expenses:

Interests are recorded according to the effective interest rate method (rate equal to the rate in calculation of present value of future cash flows of financial assets or liabilities).

If a financial asset possesses on uncollected interest accrual before its acquisition by the Bank, interest collected afterwards is separated into periods such as before its acquisition and after acquisition, and only the part of after acquisition is recognized as interest income on the statement of profit or loss.

The Bank does not cancel the interest accruals and discounts of loans and other receivables that have become non-performing loans within the framework of the effectuated in 1 January 2018 "Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves" published in the Official Gazette dated 22 June 2016 and numbered 29750 and monitors said amounts in interest income. Within the scope of TFRS 9 methodology, the expected loss provision is calculated based on the interest accruals and discounts added amounts.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

VII. Explanations on Fees and Commission Income and Expenses:

Fees and commissions received from cash loans, that are not attributable to interest rates applied, and fees for banking services are recorded as income on the date of collection. Fees and commissions paid for the funds borrowed, which are not attributable to interest rates of the funds borrowed, are recorded as expense on the date of the payment. All other commission and fee income and expenses are recorded on an accrual basis. Earnings in return of agreements or as a result of services provided for real or legal third parties for purchase or sale of assets are recorded as income when collected.

VIII. Explanations on Financial Assets:

Financial assets mainly constitute the Bank's commercial activities and operations. These instruments have the ability to expose, affect and diminish the liquidity, credit and interest rate risks in the financial statements.

The Bank adds its financial assets to the financial statements in accordance with the provisions of the "Importing and Excluding the Financial Statements" section of the TFRS 9 Standard and subtracts them from the financial statements.

Financial assets are included in the statement of financial status when they become a party to the terms of the contract related to the financial asset and measured at fair value for the first time (excluding trade receivables under TFRS 15 Customer Contracts Revenue). In accordance with the classification provisions of the TFRS 9 Financial Instruments Standard, on the basis of the following matters financial assets are measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss by:

- The business model used by the entity for the management of financial assets,
- Properties of contractual cash flows of a financial asset.

Business Model Test and Cash Flow Characteristics Test are performed to determine the classification of financial assets. Purchase and sale transactions of these financial assets are accounted according to their "delivery date". The classification of financial assets is decided on the date of their acquisition, taking into account "Testing of Contractual Cash Flows Only Interest and Principal and Evaluation of Business Model". When the business model used for the management of financial assets is changed, all financial assets affected by this change are reclassified.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

VIII. Explanations on Financial Assets (Continued):

Financial Assets Measured at Fair Value through Profit and Loss:

Financial assets whose fair value differences are reflected in profit/loss are mainly for short-term securities acquired for the purpose of being sold or bought back in the near future.

Financial assets whose fair value difference is reflected in profit/loss are reflected to the balance sheet at their cost values and are subject to valuation at fair value following their recording. Fair values are determined by using the weighted average clearing prices on BIST as of the balance sheet date for securities traded on Borsa Istanbul (BIST) and investor valuation and price reports for non-traded securities.

Gains or losses resulting from the valuation of financial assets whose fair value difference is reflected in profit / loss are reflected in profit/loss accounts. The positive difference between the acquisition cost and discounted value during the holding of financial assets for trading purposes is recorded in “Interest Income”, if the fair value of the asset is above its discounted value, the positive difference is recorded in the “Capital Market Transactions Profits” account and if it is below, the negative difference is recorded in the “Capital Market Transactions Losses” account.

Financial Assets Measured at Fair Value Through Other Comprehensive Income:

Financial assets are classified as financial assets at fair value through other comprehensive income where the business models aim to hold financial assets in order to collect the contractual cash flows and selling assets and the terms of financial asset give rise to cash flows that are solely payments of principal of interest at certain dates.

Financial assets measured at fair value through other comprehensive income are initially recognized at cost including the transaction costs. After initial recognition, valuation of the financial assets at fair value through other comprehensive income is based on fair value. For securities traded on Borsa Istanbul (BIST), fair values are found by using the weighted average settlement prices in BIST at the balance sheet date.

In the case a price does not occur in an active market, it is accepted that fair value cannot be reliably determined and amortised cost which is calculated by using the effective interest rate method is accepted as the fair value. The difference between the cost and fair value is accounted as interest income accrual or impairment loss. Interest income for financial assets measured at fair value through other comprehensive income with fixed or floating interest rate shows the difference between cost and amortised cost calculated by using the effective interest rate method and accounted for as interest income from marketable securities. Unrealized gains and losses arising from changes in fair value of the financial assets measured at fair value through other comprehensive income and which are denoting the difference between fair value and amortised cost of financial assets, are recognized in the “Accumulated Other Comprehensive Income or Loss that will be Reclassified to Profit or Loss” and amounts accounted for under equity are reflected to income statement when financial assets are sold.

In the event that the financial assets reflected to other comprehensive income are disposed of in the case of the real value difference, the value increases/decreases pursued in the equity values value increase fund account are reflected in the profit or loss table.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

VIII. Explanations on Financial Assets (Continued):

Equity Instruments Measured at Fair Value Through Other Comprehensive Income:

During the first registration an irreversible preference can be made about reflecting the changes in the fair value of the investment in an equity instrument within the scope of TFRS 9, which are not held for commercial purposes or that are not contingent on the financial statements of the acquirer in a business combination where the TFRS 3 Business Combinations standard is applied in the other comprehensive income. The choice in question is made separately for each financial instrument.

The relevant fair value differences recognized in the other comprehensive income statement are not transferred to profit or loss in the following periods but are transferred to previous periods' profit / loss. Dividends from such investments are included in the financial statements as profit or loss unless they are explicitly a part of the investment cost recovery. TFRS 9 impairment provisions are not valid for equity investments.

Equity securities representing a share in the capital, which are classified as financial assets at fair value through other comprehensive income, are accounted with their fair values if they are traded in organized markets, and/or their fair value can be determined reliably. However, the cost may be an appropriate estimation method for determining fair value in some exceptional circumstances. This may be the case if there is not enough recent information on fair value measurement or if fair value can be measured by more than one method and the cost best reflects the fair value estimation among these methods.

Financial Investments Measured at Amortised Cost and Loans:

Financial Investments Measured at Amortised Cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are classified as financial assets measured at amortized cost.

Financial assets measured at amortised cost are subsequently measured at amortised cost by using effective interest rate method, and they are accounted for by setting forth provision for impairment loss or by posting interest income accrual. Interests received from financial assets measured at amortised cost are recognized as interest income.

The Bank's securities portfolio includes consumer price (CPI) indexed bonds classified as financial assets measured at fair value through other comprehensive income and other financial assets measured at amortised cost. The reference indices used in the calculation of the actual coupon collection amounts of these securities are based on the CPI of two months ago as stated in CPI-Indexed Bonds Investor's Guide of Republic of Türkiye Ministry of Treasury and Finance's. The valuation of the said securities is made according to the effective interest method within the framework of the reference index formula specified in this guide.

Loans

Loans represent unquoted financial assets in an active market that provide money, goods or services to the debtor with fixed or determinable payments.

Loans are initially recognized with cost and carried at amortised cost calculated using the effective interest rate method at the subsequent periods. Transaction fees, dues and other expenses paid for loan guarantees are considered as a part of the transaction cost and reflected to the customers.

Cash loans granted by the Bank consist of investment and working capital loans and loans given through banks and leasing companies (APEX method).

Foreign currency indexed loans are converted into Turkish Lira with the exchange rate on the opening date and followed in Turkish Currency accounts. Repayments are calculated by using the exchange rates at the repayment dates and exchange differences are recognized under the foreign currency income and expense accounts.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

VIII. Explanations on Financial Assets (Continued):

Loans (Continued)

The loan portfolio is regularly monitored by the Bank's management and if there are any suspicions about the inability to collect the loans granted, the loans accepted as troubled and are classified in accordance with Regulation on the Procedures and Principles for Classification of Loans and Provisions to be Set Aside published in the Official Gazette dated 22 June 2016 and numbered 29750 and the latest changes dated 18 October 2018 and numbered 30569 and TFRS 9.

With the Türkiye Kalkınma ve Yatırım Bankası A.Ş. Law dated 24 October 2018 and numbered 7147, the first paragraph of the Article 53 of the Banking Law No: 5411 is decided not to be enforced to the Bank and the Bank's Board of Directors is stated to determine the procedures and principles regarding the classification, monitoring, follow-up, provision ratios and collaterals of loans. In this context the Bank has decided to perform the classification and provisioning of loans in accordance with the TFRS 9 Standard and the Regulation on Provisions and Principles Regarding the Classification of Loans and Provisions to be Set Aside.

Cash and Cash Equivalents:

Cash and cash equivalents are cash on hand, demand deposits and other highly liquid short-term investments with maturity of 3 months or less following the date of purchase, which is readily convertible to a known amount of cash and does not bear the risk of significant amount of value change. The carrying amounts of these assets represent their fair values.

IX. Explanations on Impairment of Financial Assets:

As of 1 January 2019, the Bank recognizes provisions for impairment in accordance with TFRS 9 requirements according to the "Regulation on the Procedures and Principles for Classification of Loans and Provisions to be Set Aside". In this framework, the method of allocating credit provisions applied within the framework of the relevant legislation of BRSA has been replaced with the expected credit loss model.

Expected credit loss (ECL) model is used for instruments (such as bank deposits, loans and leasing receivables) recorded in other comprehensive income statement over amortized cost or fair value and in addition for financial lease receivables that cannot be measured at fair value through profit / loss, contract assets, credit commitments, and financial guarantee contracts.

The guiding principle of the ECL model is to reflect the general outlook of the increase or improvement in credit risk of financial instruments. The amount of ECLs defined as loss provision or provision depends on the degree of increase in credit risk since the loan was first issued.

Within the scope of TFRS 9 Financial Instruments, three basic factors regarding the measurement of expected credit loss are taken into consideration. These,

- (a) the amount weighted according to the neutrality and probabilities determined by evaluating the possible outcome range,
- (b) time value of money,
- (c) reasonable and supportable information on past events, current conditions and forecasts of future economic conditions that can be obtained without incurring excessive cost or effort as of the reporting date.

Taking into consideration these three factors, the Bank's historical data is modeled, and the expected loss amount is calculated for each loan. Since the expected loss represents the future value, the present value of this amount is calculated with the discounting factor.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

IX. Explanations on Impairment of Financial Assets (Continued):

In order to reflect the changes in credit risk since the initial recognition of credit risk, the loss provision is updated at each reporting date in which the expected loss calculations are performed.

The Bank assesses whether there has been a significant increase in credit risk in the financial instrument for the first time since it was included in the financial statements. In making this assessment, the Bank uses the change in default risk during the expected life of the financial instrument. To make this assessment, the Bank compares default risk related to the financial instrument as of the reporting date and the default risk related to the financial instrument for the first time in the financial statements and takes into consideration reasonable and supportable information which can be obtained without incurring excessive costs or efforts and is reasonable indication of significant increases in credit risk since its introduction for the first time.

In the TFRS 9 impairment, a 3-step approach is used in which the credit risk level increases at each stage:

Stage 1: It refers to all accounts that have not shown any deterioration in credit quality since the loan was issued. All accounts defined as having low credit risk will be classified as Stage 1 without periodically checking whether there is a significant increase in credit risk. A 12-month provision calculation is performed for all accounts classified in Stage 1.

Stage 2: Refers to all accounts showing significant deterioration in credit quality since the loan was issued. For all accounts classified in Stage 2, lifetime provision calculations are performed.

Stage 3: Refers to all impaired assets. For all accounts classified in Stage 3, lifetime provision calculations are performed.

Financial assets in Basket 3 might be evaluated individually in the current provision calculations made by the Bank, and final evaluation is made by the Board of Directors together with their justifications. In this context, the Bank has allocated additional provisions for customers whose impacts are considered to be high, by making individual valuations in the calculation of expected credit losses.

TFRS 9 requires a 12-month compensation for all loans in Stage 1, and a lifetime provision for all remaining loans.

Significant Increase in Credit Risk

If the customers classified as Stage 1 meet the following criteria, it has been decided by the Bank to be classified under Stage 2:

- The number of delay days of the customer is over 30
- Restructuring of the debtor with financial difficulties by granting concession
- Customer has close monitoring criteria
- There is a 35 percent or more decrease in the quantitative score to be calculated by considering the end-of-year financial statements for the customer every year, and the score in question drops below 40 (a significant increase criterion in credit risk).

Customers are periodically evaluated (at least once a year) and their ratings are updated in order to evaluate the criterion of significant increase in credit risk. The evaluation period is shortened for the borrowers for whom a significant deterioration signal is received in credit risk during the year.

Classification criterias under Stage 2 work for all bank customers, in addition, in case of negative market intelligence, classification can be made under Stage 2. This process continues under TFRS 9. The classification rules determined within the scope of TFRS 9 work for all portfolios.

Treasury and Banks portfolios are among the low default portfolios, and it is decided by the Bank to classify the assets in this portfolio under Stage 1 until an opposite assessment is made.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

IX. Explanations on Impairment of Financial Assets (Continued):

Significant Increase in Credit Risk (Continued)

The decrease of customer rating score calculated according to the credit rating model used within the bank for the quantitative criteria related to the significant deterioration in the credit risk specified in Article 4 of the provisions regulation regarding the classification of the loans, by 35 percent and above, and the fall of score in question below 40, is determined by the Bank as the criterion of significant deterioration. In addition to these criterias, the restructuring applied to the customer who has financial difficulties specified in Article 7 of the *Regulation on the Procedures and Principles for Classification of Loans and Provisions to be Set Aside* is used as a classification criterion under Stage 2.

Definition of Default

“When defining the default for the purpose of determining the default risk according to TFRS 9, the entity uses a default definition consistent with the definition used for the credit risk management purposes of the related financial instrument and, if appropriate, takes into account qualitative indicators (e.g. financial commitments). However, unless the entity has reasonable and supportable information that reveals that default will occur when there is a longer delay, there is an otherwise demonstrable pre-acceptance that the default will not occur after the financial instrument expires after 90 days. The definition of default used for these purposes is applied consistently to all financial instruments unless information that proves that another definition of default is more appropriate for a particular financial instrument is available.” According to the article, the definition of default is used within the scope of modeling.

The definition of default used in the Bank is as follows:

- Customers with more than 90 days of delay (The number of customer delay days represents the highest number of delay days of the customer's existing loans on the relevant reporting date.)
- Compensation of the letter of guarantee received by the Bank for collateral
- Customers considered to be at high risk level by the Bank

12 Month Expected Loss

12-month loan loss corresponds to a part of the expected loan loss that may arise from the possible default status of the loan within 12 months of the reporting date.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

IX. Explanations on Impairment of Financial Assets (Continued):

Lifetime Expected Loss

Lifetime losses arise from all possible default events that may occur during the expected life span of the financial instrument after the reporting date. Life expectancy is related to the maturity of the financial instrument.

One of the risk parameters to be used in calculating the provision amounts to be set as per TFRS 9 is the Probability of Default (PD) information. Probability of Default refers to the possibility of a live loan falling into default. PD calculation is carried out by considering past data, current conditions and prospective macroeconomic expectations.

Specifically, while calculating PD, qualitative, quantitative scores, sector, bank degree and macro effect are taken into account. For the company whose quantitative evaluation is made, an objective score is produced between 0 and 100. The sector in which the company operates is determined in accordance with the NACE code (Statistical Classification of European Community Economic Activities; a reference resource for the purpose of producing and disseminating statistics on economic activities in Europe.).

After the qualitative and quantitative scores of the company are determined, the mentioned points are weighted according to the company scale and the company's score is calculated.

Banks, on the other hand, are ranked objectively by considering various criteria, namely capital, asset quality, liquidity, profitability, income-expenditure structure and capacity.

Finally, for the macro effect, a volatility index is calculated first, and then variables that act in parallel and play a role in the measurement of crisis probabilities before sudden financial shocks are identified. Afterwards, the index is created by weighting the determined variables according to the success rate.

The macro effect ultimately applied to the customer scores by the Bank is the macro note calculated on the company grade (non-macro score) calculated as a result of qualitative (partnership information, group of companies, etc.) and quantitative (liquidity, financial structure, profitability etc.) assessment of each customer. In line with the customer's score, corrections are applied. In this context, studies to determine pioneering vulnerability indicators of Türkiye's economy are made and by the Bank it has been identified that some of the variables derived from various areas of the economy successfully predicted crisis periods in advance. This prediction has been accepted by the Bank as the threshold values are exceeded and the signal is produced starting at least 12 months before the crisis.

In order to obtain the macroeconomic score, which is calculated by considering the positive and negative scenarios as well as the base scenario value, values are calculated at a certain margin in accordance with the distribution of the series for positive and negative scenario values from the index values distributed between 0-100 and averaged over 12 months.

The Bank anticipates that the negative effects of the earthquakes that were experienced Kahramanmaraş centered on 6 February 2023, affecting many of our provinces and shocking our whole country, will continue for a certain period of time on the companies operating in the region. The Bank analyzed the effects of the earthquake on the companies in its loan portfolio and re-evaluated the risk levels of the companies, assuming that the foreseen risk is not systematic and reflected the earthquake effect to the expected loan loss calculation on 30 September 2023.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

X. Explanations on Offsetting of Financial Assets and Liabilities:

Financial assets and liabilities are offset on balance sheet when the Bank has a legally enforceable right to set off, and the intention of collecting or paying the net amount of related assets and liabilities or the right to offset the assets and liabilities simultaneously.

XI. Explanations on Sales and Repurchase Agreements and Lending of Securities:

Securities sold in repurchase agreements (repo) are followed in the balance sheet accounts in line with Uniform Chart of Accounts. Accordingly, the government bonds and treasury bills sold to the clients in the context of repurchase agreements are classified as “Subject to Repurchase Agreements” and are valued at fair values or at discounted values using effective interest rate method according to the holding purposes in the Bank portfolio. Funds gained by repurchase agreements are shown separately in the liability accounts and interest expense accrual is calculated for these funds.

Securities that were purchased to resell commitment (reverse repurchase agreements) are shown as a line item under “Money Market Placements” line. For the difference between the purchase of securities and resale prices of the reverse repo agreements for the period; income accrual is calculated using the effective interest rate method. There are no marketable securities lending transactions.

XII. Explanations on Fixed Assets Held for Sale and Discontinued Operations and Related Liabilities:

Assets that are classified as held for sale (or the disposal group) are measured at the lower of its carrying amount and fair value less costs to sell. In order to classify a tangible fixed asset as held for sale, the asset (or the disposal group) should be available for an immediate sale in its present condition subject to the terms of any regular sales of such assets (or such disposal groups) and the sale should be highly probable. For a highly probable sale, the appropriate level of management must be committed to a plan to sell the asset (or the disposal group), and an active program to complete the plan should be initiated to locate a customer.

Also, the asset should have an active market sale value, which is a reasonable value in relation to its current fair value. Events or circumstances may extend the completion of the sale more than one year. Such assets (or the disposal group) are still classified as held for sale if there is sufficient evidence that the delay in the sale process is due to the events and circumstances occurred beyond the control of the entity or the entity remains committed to its plan to sell the assets. The Bank has no assets classified as held for sale.

A discontinued operation is a component that either has been disposed of or is classified as held for sale. Gains or losses relating to discontinued operations are presented separately in the income statement. The Bank has no discontinued operations.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XIII. Explanations on Goodwill and Other Intangible Assets:

As at the balance sheet date, there is no goodwill recorded in the unconsolidated balance sheet of the Bank.

Intangible fixed assets first are carried at cost which includes acquisition costs and other direct costs bearded necessary for the assets to become ready for use. Subsequent to recognition, intangible assets are presented in financial statements at cost less any accumulated amortization and accumulated impairment losses, if any.

Amortization is charged on a straight-line basis over their estimated useful lives which is 33,33% or 6,67%. Useful life of other intangible assets are determined by the consideration of items like expected usage period of the asset, technical, technological or other kind of obsolesce and maintenance costs incurred to obtain economic benefit from the assets.

Expenses related to existing computer software and computer software improvement that enhance original content and useful life, are capitalized over the software. Those capitalized expenses are amortised over the remaining useful life of the related assets using the “straight line method”.

XIV. Explanations on Tangible Fixed Assets:

Tangible fixed assets are carried at cost which includes acquisition costs and other direct costs bared necessary for the assets to become ready for use, and if results of appraisal reports exceed the costs, they are not subject to any revaluation. Subsequent to recognition, tangible fixed assets are presented in financial statements at cost less any accumulated depreciation and accumulated impairment losses, if any.

Gain or loss arising from the disposal or retirement of an item of tangible fixed assets is determined as the difference between the sales proceeds and the carrying amount of that asset and is recognized in profit or loss.

Ordinary maintenance and repair expenses of tangible fixed assets items are recognized as expenses. Investment expenditures that increase the future benefit by enhancing the capacity of tangible assets are capitalized. Investment expenditures include cost items that extend the useful life of the asset, increase the servicing capabilities of the asset, improve the quality of goods or services produced or reduces the costs. There is no pledge, mortgage and other restriction on the tangible fixed assets or given for the purchase commitments or any restrictions on the rights for the use of these.

Tangible fixed assets are amortised by using the straight-line method over their estimated useful lives. Estimated depreciation rates of tangible fixed assets are as follows.

	<u>Estimated Useful Life (Years)</u>	<u>Depreciation Rate (%)</u>
Building	50	2
Safes (vaults)	50	2
Vehicles	5	20
Other Tangible Assets	3-15	6,66-33,33

There is no change in accounting estimations that has material effect in the current period or that is expected to have effect in the subsequent periods.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XV. Explanations on Leasing Transactions:

The “IFRS 16 Leases” Standard was published in the Official Gazette dated 16 April 2018 and numbered 29826 to be applied as of 1 January 2019.

The Bank as a Lessee

The “IFRS 16 Leases” Standard removes financial lease and operational lease distinction for lessees and introduces a single accounting model for all leasing transactions. According to the standard, the lessees reflect a “asset that gives the right to use” and a “lease obligation” to the financial statements at the date when the lease begins. The initial cost of the asset that gives the right to use is measured by deducting the lease incentives from the sum of the lease obligation and the initial direct costs incurred by the lessees. The cost method is used for the measurements after the beginning of the lease. In this method, the asset that gives the right to use is measured by deducting the accumulated depreciation and accumulated depreciation provisions from the cost value. The lease obligation is initially measured at the present value of the lease payments to be made during the lease period. In subsequent measurements, the book value of the liability is increased to reflect the interest on the lease obligation and decreased to reflect the lease payments made. IFRS 16 has made exemptions for leases of 12 months or less and leases related to low value assets.

The Bank, which is a lessee in financial leasing transactions, accounts for all lease transactions longer than 12 months as assets and liabilities in the statement of financial position. Depreciation expense related to the leased asset and interest expense in lease payments are reported in the income statement. The lease obligation was initially measured at the present value of the lease payments to be made during the lease period using the Bank’s TL alternative source cost.

The Bank as a Lessor

According to the “IFRS 16 Leases” Standard, financial lease and operational lease distinction continues for the lessor. If the lessor transfers the significant risks and benefits arising from ownership of the asset subject to the lease to the lessee, he will classify it as a financial lease. Other leases will be classified as operational leases. The receivables that arise from leasing the assets of the Bank, which are not included in financial lease transactions and which are not used in banking transactions, are followed up in the receivables from the leasing transaction and are accounted on an accrual basis.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XVI. Explanations on Provisions and Contingent Liabilities:

In the financial statements, a provision is made for an existing commitment resulted from past events if it is probable that the commitment will be settled, and a reliable estimate can be made of the amount of the obligation.

Provisions other than the expected credit loss set for loans and other receivables and contingent liabilities are accounted for in accordance with “Turkish Accounting Standard on Provisions, Contingent Liabilities and Contingent Assets” (TAS 37).

For transactions that can affect financial structure, provisions are provided by using the existing data if they are accurate, otherwise by using the estimates.

XVII.Explanations on Employee Benefit Liabilities:

Obligations for employee benefits are recognized in accordance with the TAS19 “Employee Benefits”.

Under the Turkish legislation as supplemented by union agreements, lump sum payments are made to all employees who retire or whose employment is terminated without due cause. In accordance with the working status of the Bank and the social security institution legislation, the retirement pension is related to the ones related to the Law No: 5434 and the severance payment is calculated to those related to the Law No: 1475.

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate -unless it is negative- applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as of 30 September 2023, the provision has been calculated by estimating the present value of the future probable obligation of the Bank arising from the retirement of the employees. The provisions at the respective balance sheet date have been calculated with a discount rate of 1,91% (31 December 2022: 1,91%). The maximum amount of full TL 23.489,83 effective from 1 July 2023 has been taken into consideration in calculation of provision for employment termination benefits (31 December 2022: full TL 19.982,83).

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XVIII. Explanations on Taxation:

Current Tax

In the first paragraph of Article 32 of the Law No. 5520 titled “Corporate Tax and Provisional Tax Rate”, regarding the enforcement of Article 21 of the “Law on the Amendment of Additional Motor Vehicles Tax for Compensation of Economic Losses Caused by the Earthquakes Occurring on 6 February 2023 and Amendments to Some Laws and the Decree Law No. 375”, which came into force by being published in the Official Gazette dated 15 July 2023 and numbered 32249, starting from the declarations that must be submitted as of 1 October 2023, corporate income tax rate to be applied to corporate earnings for the 2023 taxation period is 30% for banks, financial leasing, factoring, financing and savings financing companies, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies. The corporate tax rate is applied to the tax base to be found as a result of adding the non-deductible expenses to the commercial earnings of the companies, the exemption (such as the participation earnings exemption) and the deduction of the deductions in the tax laws. No further tax is paid if the profit is not distributed. Non-resident corporations’ income through a permanent establishment or permanent representative in Türkiye and dividends paid to companies’ resident in Türkiye (dividends) not subject to withholding. Dividend payments made to individuals and institutions other than these are subject to 10% withholding tax. Addition of profit to capital is not considered as profit distribution and withholding tax is not applied.

Corporations are required to pay advance corporate tax quarterly on their corporate income. Advance tax is declared by the 17th and paid by the 17th day of the second month following each calendar quarter end. Advance tax paid by corporations for the current period is credited against the annual corporation tax calculated on the annual corporate income in the following year. On the other hand, in accordance with the Law No. 7338, which was published in the Official Gazette dated 26 October 2021 and numbered 31640, the 4th provisional tax return covering the months of October-December was repealed. Accordingly, the 4th provisional tax declaration will not be filed in 2023 and beyond.

Despite the offset, if there is temporary prepaid tax remaining, this amount can be refunded in cash or can be offset against other financial debts to the state. According to Real Estate Sales Exemption in the Article 5.1.e. of Corporate Tax Law which is one of the important tax exemptions applied by the Bank, a 50% exemption is applied to the profits arising from the sale of real estate that has been in the assets of institutions for at least two full years (730 days), while exemption rate is 25% for profits arising from sales of real estate that has been in the assets of institutions before 15 July 2023, the date of entry into force of the Law No. 7456; within the scope of this article Corporate Tax exemption will not be applied to real estate acquired after 15 July 2023. 75% of the profits arising from the sale of founder’s shares, usufruct shares and preemptive rights held for the same period as the participation shares are exempt from corporate tax. This exemption applies to the period the sale is made and the part of return on sales that benefits from the exemption is held in a special fund in the liabilities account until the end of the fifth year started from the following year sale is made. However, the sales payment must be collected until the end of the second calendar year following the year in which the sale is made. Taxes which are not realized in time due to the exemption that hits uncollected sales payment are considered as tax loss. Taxes which does not accrue on time because the applying exemption for the transfer of the exempted part of revenue to the other accounts with other ways out of capitalizing in five years or withdrawn from company or transferring from limited taxpayer corporations to the headquarters, are considered as tax loss. This is also be applicable in the condition of liquidation of business (Except transfers and divisions that make according to this code).

Moreover, according to 5.1.f. article of Corporation Tax Law; corporations which have been fallen to legal proceedings because of owe to the bank or Savings Deposit Insurance Funds, and their warrantors’ real estates, participation stocks, founding bonds, redeemed shares, options to call of mortgagors’ revenues that used for against debts or transferring to SDIF, 50% for real estates, and 75% for others are exempted from Corporation tax. Under the Turkish Corporate Tax Law, losses can be carried forward to offset against future taxable income for up to five years. Losses cannot be carried back to offset profits from previous periods. In Türkiye, there is no procedure for a final and definitive agreement on tax assessments with tax authorities.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XVIII. Explanations on Taxation (Continued):

Current Tax (Continued)

Corporate tax declarations are submitted to the related tax office until the evening of the 30th day of the fourth month following the end of the accounting period and the accrued tax is paid until the evening of the 30th day. However, the authorities competent for tax inspection can examine the accounting records within five years, and the tax amounts to be paid may change if any erroneous transaction is detected.

With the “Law on Amendments to the Tax Procedure Law and the Corporate Tax Law” adopted on the agenda of the Turkish Grand National Assembly on 20 January 2022, inflation accounting practice has been postponed, starting from the balance sheet dated 31 December 2023.

Deferred Tax

In accordance with TAS 12 “Turkish Accounting Standard Relating to Income Tax”, the Bank calculates and recognizes deferred tax for temporary differences between the bases calculated based on the accounting policies used and valuation principles and that calculated under the tax legislation. Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences. However, deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized as deferred tax liability or asset if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. The carrying amount of a deferred tax asset is reviewed on each balance sheet date. Carrying amount of a deferred tax asset can be reduced to the extent that it is no longer probable that enough taxable profit will be available to allow all or part of the asset to be recovered. Deferred tax asset and liability are calculated with the valid tax ratios for the related period. Within the scope of the Law No. 7456 published in the Official Gazette dated 15 July 2023 and numbered 32249, deferred tax calculations were made by taking into account the 30% corporate tax rate to be applied for banks and certain financial institutions.

Moreover, if the deferred tax is related with items directly recorded under the equity in the same or different period, deferred tax is associated directly with equity. Deferred tax asset and deferred tax liability are presented as net in these financial statements.

The income tax charge is composed of the sum of current tax and deferred tax charges. The current tax liability is calculated over taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible and it further excludes items that are never taxable or deductible.

According to the second paragraph of the Article 53 of the Banking Act No: 5411, all specific reserves for loans and other receivables are considered as deductible expense for determining corporate tax base.

The current tax payable is offset with prepaid tax, if they are associated with. Deferred tax assets and liabilities are also offset. Deferred tax calculation is made within the scope of TFRS 9 for the first and second stage provisions.

Transfer Pricing

Transfer pricing is regulated through Article 13 of Corporate Tax Law titled “Transfer Pricing Through Camouflage of Earnings”. Detailed information for the practice regarding the subject is found in the “General Communiqué Regarding Camouflage of Earnings Through Transfer Pricing”. According to the aforementioned regulations, in the case of making purchase or sales of goods or services with relevant persons/corporations at a price that is determined against “arm’s length principle”, the gain is considered to be distributed implicitly through transfer pricing and such distribution of gains is not subject to deductions in means of corporate tax.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XIX. Additional Explanations on Borrowings:

The Bank accounts its debt instruments in the subsequent periods, by using the effective interest rate method. The Bank has no borrowings that require hedging techniques for accounting and valuation of debt instruments and liabilities representing the borrowings.

The Bank continues its financial support that it provided and still providing by acquiring sources from domestic and international markets. Domestic resources are provided from Central Bank of the Republic of Türkiye, international organizations such as Islamic Development Bank and German Development Bank through the Ministry of Treasury and Finance. In addition to these, the Bank acts as an intermediary for the use of various budget-sourced funds domestically. The loan from this source has been disbursed and no new funds have been transferred from the Ministry of Treasury and Finance. The funds provided are recorded in the Bank's resource accounts on the transfer date. The maturity and interest rates of these funds are determined by the public authority through Investment Incentives Communiqués.

The present foreign funds of the Bank are medium and long term loans from World Bank, European Investment Bank, Council of Europe Development Bank, Islamic Development Bank, Black Sea Trade and Development Bank, Japan Bank for International Cooperation, Asian Infrastructure Investment Bank, German Development Bank, China Development Bank and the securities issued as allocated to French Development Agency are recorded to related accounts on the date and with the cost of procurement.

The Bank generally prefers providing loans in parallel to the borrowing terms like maturity date, interest rate, interest type and currency type to avoid maturity, exchange rate and liquidity risks.

The Bank has not issued any convertible bonds.

XX. Explanations on Shares Issued:

The Bank does not have issued shares in the current period.

XXI. Explanations on Bill Guarantees and Acceptances:

Commitments regarding bill guarantees and acceptances of the Bank are presented in the “Off Balance Sheet” commitments. In the current and previous period, the Bank has no bills and acceptances.

XXII. Explanations on Government Incentives:

There are no government incentives utilized by the Bank in the current and prior period.

XXIII. Explanations on Segment Reporting:

As part of its mission, the Bank operates mainly in the areas of corporate banking and investment banking. Corporate banking provides financial solutions and banking services to customers with medium and large joint stock company status. Services offered include investment loans, project finance, TL and foreign exchange business loans, letters of credit and letters of guarantee.

Within the scope of investment banking activities, the Bank's treasury bills, government bond trading, repo transactions, money swaps and forward foreign exchange transactions, capital markets consultancy, financial consultancy, merger and purchase consultancy are performed. Among the investment banking operating income, revenues from Treasury transactions activities are included.

As of 30 September 2023, explanations on segment reporting in line with “Communiqué on Financial Statements to be Disclosed to Public by Banks and Explanations and Footnotes Thereof” are shown below.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XXIII. Explanations on Segment Reporting (Continued):

	Investment Banking (Treasury)	Corporate Banking	Other	Total Operations of the Bank
Current Period (30.09.2023)				
Net interest income/(expense)	4.943.234	15.201	(2.208)	4.956.227
Net fees and commissions income/(expense)	(18.320)	79.037	9.844	70.561
Other income	1.955.663	204.893	17.904	2.178.460
Other expense	-	(2.404.942)	(725.944)	(3.130.886)
Profit before tax	6.880.577	(2.105.811)	(700.404)	4.074.362
Tax provision	-	-	(1.163.742)	(1.163.742)
Net profit for the period	6.880.577	(2.105.811)	(1.864.146)	2.910.620
Current Period (30.09.2023)				
Segment assets	45.712.156	77.519.477	346.339	123.577.972
Associates and subsidiaries	-	27.831	-	27.831
Total Assets	45.712.156	77.547.308	346.339	123.605.803
Segment liabilities	3.876.655	107.870.916	2.099.631	113.847.202
Shareholders' equity	-	-	9.758.601	9.758.601
Total Liabilities	3.876.655	107.870.916	11.858.232	123.605.803

	Investment Banking (Treasury)	Corporate Banking	Other	Total Operations of the Bank
Prior Period (30.09.2022)				
Net interest income/(expense)	2.110.051	(3.923)	667	2.106.795
Net fees and commissions income/(expense)	(16.077)	42.345	7.477	33.745
Other income	351.934	113.574	27.640	493.148
Other expense	(19.401)	(742.952)	(286.608)	(1.048.961)
Profit before tax	2.426.507	(590.956)	(250.824)	1.584.727
Tax provision	-	-	(423.288)	(423.288)
Net profit for the period	2.426.507	(590.956)	(674.112)	1.161.439
Prior Period (31.12.2022)				
Segment assets	31.596.462	59.706.160	280.894	91.583.516
Associates and subsidiaries	-	14.636	-	14.636
Total Assets	31.596.462	59.720.796	280.894	91.598.152
Segment liabilities	2.971.723	80.773.867	1.009.180	84.754.770
Shareholders' equity	-	-	6.843.382	6.843.382
Total Liabilities	2.971.723	80.773.867	7.852.562	91.598.152

SECTION FOUR

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT

I. Explanations on Equity:

Equity amount and capital adequacy standard ratio are calculated within the framework of “Regulation Regarding Equities of Banks” and “Regulation Regarding Measurement and Evaluation of Banks’ Capital Adequacy”.

The Bank’s equity amount as of 30 September 2023 is TL 17.882.922 (31 December 2022: TL 12.917.130) and its capital adequacy ratio is 17,22% (31 December 2022: 16,67%). The capital adequacy ratio of the Bank is above the minimum ratio determined by the relevant legislation.

Information on Equity Items:

Current Period (30.09.2023)	Amount
Common Equity Tier I Capital	
Paid-in Capital to be Entitled for Compensation after All Creditors	2.706.074
Share Premium	4.038
Reserves	3.969.168
Other Comprehensive Income according to TAS	241.279
Profit	2.910.620
Net profit for the period	2.910.620
Retained Earnings	-
Bonus Shares from Associates, Affiliates and Joint-Ventures not Accounted in Current Period's Profit	10.931
Common Equity Tier I Capital Before Deductions	9.842.110
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 (-)	21.612
Leasehold Improvements on Operational Leases (-)	1.298
Goodwill Netted with Deferred Tax Liabilities	-
Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights	29.355
Net Deferred Tax Asset/Liability (-)	-
Differences arise when assets and liabilities not held at fair value, are subjected to cash flow hedge accounting	-
Credit losses that exceed total expected loss calculated according to the Regulation on Calculation of Credit Risk by Internal Ratings Based Approach	-

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations on Equity (Continued)

Information on Equity Items (Continued):

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	-
Mortgage Servicing Rights not deducted	-
Excess Amount arising from Deferred Tax Assets from Temporary Differences	255.264
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	307.529
Total Common Equity Tier I Capital	9.534.581
ADDITIONAL TIER 1 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	5.858.880
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-
Additional Tier 1 Capital Before Deductions	5.858.880
Deductions From Additional Tier 1 Capital	-
Direct and Indirect Investments of the Bank on its own Additional Tier I Capital	-
Investments made by the bank to equity items issued by banks and financial institutions investing in the additional capital items of the bank and meeting the conditions specified in Article 7 of the Regulation	-
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	-

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations on Equity (Continued)

Information on Equity Items (Continued):

Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-
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	5.858.880
Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)	15.393.461
TIER II CAPITAL	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	1.630.989
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)	858.472
Total Deductions from Tier II Capital	2.489.461
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 Non-Consolidated 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 and Tier II Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital	-
Other items to be defined by the BRSA (-)	-
Total Deductions from Tier II Capital	-
Total Tier II Capital	2.489.461
Total Equity (Total Tier I and Tier II Capital)	17.882.922
Total Tier I Capital and Tier II Capital (Total Equity)	
Loans Granted against the Articles 50 and 51 of the Banking Law	-
Net Book Values of Movables and Immovable Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-
Other items to be Defined by the BRSA	-

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations on Equity (Continued)

Information on Equity Items (Continued):

Items to be Deducted from the Sum of Tier I and Tier II Capital (Capital) During the Transition Period	241.279
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)	17.882.922
Total Risk Weighted Assets	103.870.392
CAPITAL ADEQUACY RATIOS	
CET1 Capital Ratio (%)	9,18
Tier I Capital Ratio (%)	14,82
Capital Adequacy Ratio (%)	17,22
BUFFERS	
Bank-specific total CET1 Capital Ratio	2,5
Capital Conservation Buffer Ratio (%)	2,5
Bank-specific Counter-Cyclical Capital Buffer Ratio (%)	-
Systemic significant bank buffer ratio (%)	-
Additional CET1 Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation	-
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	-

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations on Equity (Continued)

Information on Equity Items (Continued):

Remaining Mortgage Servicing Rights	-
Net Deferred Tax Assets arising from Temporary Differences	-
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)	858.472
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	858.472
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach	322.328
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	-

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations on Equity (Continued)

Information on Equity Items (Continued):

Prior Period (31.12.2022)	Amount
Common Equity Tier I Capital	
Paid-in Capital to be Entitled for Compensation after All Creditors	2.706.074
Share Premium	4.038
Reserves	2.277.800
Other Comprehensive Income according to TAS	231.407
Profit	1.691.368
Net profit for the period	1.691.368
Retained Earnings	-
Bonus Shares from Associates, Affiliates and Joint-Ventures not Accounted in Current Period's Profit	1.467
Common Equity Tier I Capital Before Deductions	6.912.154
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	18.975
Leasehold Improvements on Operational Leases	2.128
Goodwill Netted with Deferred Tax Liabilities	-
Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights	21.596
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	-

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations on Equity (Continued)

Information on Equity Items (Continued):

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 (-)	-
Mortgage Servicing Rights not deducted (-)	-
Excess Amount arising from Deferred Tax Assets from Temporary Differences (-)	168.840
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	211.539
Total Common Equity Tier I Capital	6.700.615
ADDITIONAL TIER 1 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	4.486.455
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-
Additional Tier 1 Capital Before Deductions	4.486.455
Deductions From Additional Tier 1 Capital	-
Direct and Indirect Investments of the Bank on its own Additional Tier I Capital (-)	-
Investments made by the Bank in equity items issued by banks and financial institutions that invest in the Bank's additional core capital items and meeting the conditions specified in 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 (-)	-

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations on Equity (Continued)

Information on Equity Items (Continued):

Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-
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	4.486.455
Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)	11.187.070
TIER II CAPITAL	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	1.117.460
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)	612.600
Total Deductions from Tier II Capital	1.730.060
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 Non-Consolidated 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 and Tier II Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital (-)	-

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations on Equity (Continued)

Information on Equity Items (Continued):

Other items to be defined by the BRSA (-)	-
Total Deductions from Tier II Capital	-
Total Tier II Capital	1.730.060
Total Equity (Total Tier I and Tier II Capital)	12.917.130
Total Tier I Capital and Tier II Capital (Total Equity)	
Loans Granted against the Articles 50 and 51 of the Banking Law	-
Net Book Values of Movables and Immovable Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-
Other items to be Defined by the BRSA	-
Items to be Deducted from the Sum of Tier I and Tier II Capital (Capital) During the Transition Period	231.407
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)	12.917.130
Total Risk Weighted Assets	77.490.581
CAPITAL ADEQUACY RATIOS	
CET1 Capital Ratio (%)	8,65
Tier I Capital Ratio (%)	14,44
Capital Adequacy Ratio (%)	16,67
BUFFERS	
Bank-specific total CET1 Capital Ratio	2,5
Capital Conservation Buffer Ratio (%)	2,5
Bank-specific Counter-Cyclical Capital Buffer Ratio (%)	-
Systemic significant bank buffer ratio (%)	-

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations on Equity (Continued)

Information on Equity Items (Continued):

Additional CET1 Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation	-
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	-
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)	612.600
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	612.600
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach	222.776
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	-

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations on Equity (Continued)

Explanations on the reconciliation of capital items to balance sheet:

Current Period (30.09.2023)	Balance Sheet Value	Amount of Adjustment	Value at Capital Report
1.Paid-in-Capital	2.500.000	206.074	2.706.074
2.Capital Reserves	210.112	(206.074)	4.038
2.1. Share Premium	4.038	-	4.038
2.2. Share Cancellation Profits	-	-	-
2.3. Other Capital Reserves	206.074	(206.074)	-
3.Accumulated Other Comprehensive Income or Loss that will not be Reclassified to Profit or Loss	(506)	-	(506)
4.Accumulated Other Comprehensive Income or Loss that will be Reclassified to Profit or Loss	169.207	83.004	252.211
5.Profit Reserves	3.969.168	-	3.969.168
6.Profit or Loss	2.910.620	-	2.910.620
6.1. Prior Periods' Profit or (Loss)	-	-	-
6.2. Current Period Profit or (Loss)	2.910.620	-	2.910.620
Deductions from Common Equity Tier I Capital (-)	-	(307.024)	(307.024)
Common Equity Tier I Capital	9.758.601	(224.020)	9.534.581
Subordinated Loans	-	5.858.880	5.858.880
Deductions from Tier I capital (-)	-	-	-
Tier I Capital	9.758.601	5.634.860	15.393.461
Subordinated Loans	-	1.630.989	1.630.989
General Provisions	-	858.472	858.472
Deductions from Tier II capital (-)	-	-	-
Tier II Capital	-	2.489.461	2.489.461
Deductions from Total Capital (-)	-	-	-
Total	9.758.601	8.124.321	17.882.922

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations on Equity (Continued):

Explanations on the reconciliation of capital items to balance sheet (Continued):

Prior Period (31.12.2022)	Balance Sheet Value	Amount of Adjustment	Value at Capital Report
1. Paid-in-Capital	2.500.000	206.074	2.706.074
2. Capital Reserves	210.112	(206.074)	4.038
2.1. Share Premium	4.038	-	4.038
2.2. Share Cancellation Profits	-	-	-
2.3. Other Capital Reserves	206.074	(206.074)	-
3. Accumulated Other Comprehensive Income or Loss that will not be Reclassified to Profit or Loss	(506)	-	(506)
4. Accumulated Other Comprehensive Income or Loss that will be Reclassified to Profit or Loss	164.608	68.266	232.874
5. Profit Reserves	2.277.800	-	2.277.800
6. Profit or Loss	1.691.368	-	1.691.368
6.1. Prior Periods' Profit or (Loss)	-	-	-
6.2. Current Period Profit or (Loss)	1.691.368	-	1.691.368
Deductions from Common Equity Tier I Capital (-)	-	(211.033)	(211.033)
Common Equity Tier I Capital	6.843.382	(142.767)	6.700.615
Subordinated Loans	-	4.486.455	4.486.455
Deductions from Tier I capital (-)	-	-	-
Tier I Capital	6.843.382	4.343.688	11.187.070
Subordinated Loans	-	1.117.460	1.117.460
General Provisions	-	612.600	612.600
Deductions from Tier II capital (-)	-	-	-
Tier II Capital	-	1.730.060	1.730.060
Deductions from Total Capital (-)	-	-	-
Total	6.843.382	6.073.748	12.917.130

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations on Equity (Continued):

Information on borrowing instruments to be included in the equity calculation:

Current Period (30.09.2023)	
Issuer-Loan supplier	Bank / Republic of Türkiye Ministry of Treasury and Finance
Identifier (CUSIP, ISIN etc.)	-
Governing law (s) of the instrument	BRSA
Regulatory treatment	
Subject to 10% deduction as of 1/1/2015	No
Eligible on unconsolidated and /or consolidated basis	Unconsolidated and Consolidated
Instrument type	Loan
Amount recognized in regulatory capital (Currency in TL million, as of most recent reporting date)	1.631
Nominal value of instrument (TL million)	1.631
Accounting classification of the instrument	Liabilities
Original date of issuance	Subordinated Loan
Maturity structure of the instrument (perpetual/dated)	31.12.2018
Starting maturity of the instrument	Perpetual
Issuer call subject to prior supervisory (BRSA) approval	-
Call option dates, conditioned call dates and call amount	Yes
Subsequent call dates, if applicable	-
Interest / dividend payments	
Fixed or floating coupon/dividend payments	-
Interest rate and related index value	-
Existence of any dividend payment restriction	-
Fully discretionary, partially discretionary or mandatory	-
Existence of step up or other incentive to redeem	-
Noncumulative or cumulative	-
Convertible into equity shares	
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	
If bonds can be written down, write down trigger(s)	-
If bond can be written-down, full or partial	-
If bond can be written-down, permanent or temporary	-
If temporary write-down, description of write-up mechanism	-
Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument)	After borrowings, before the additional capital, same as Tier II Capital
In compliance with article number 7 and 8 of Regulation on Bank Capital	Complies with the requirements of Article 8 of the Regulation on Equity of Banks.
Details of incompliances with article number 7 and 8 of Regulation on Bank Capital	Complies with the requirements of Article 8 of the Regulation on Equity of Banks.

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations on Equity (Continued):

Information on borrowing instruments to be included in the equity calculation (Continued):

Prior Period (31.12.2022)	
Issuer-Loan supplier	Bank / Republic of Türkiye Ministry of Treasury and Finance
Identifier (CUSIP, ISIN etc.)	-
Governing law (s) of the instrument	BRSA
Regulatory treatment	
Subject to 10% deduction as of 1/1/2015	No
Eligible on unconsolidated and /or consolidated basis	Unconsolidated and Consolidated
Instrument type	Loan
Amount recognized in regulatory capital (Currency in TL million, as of most recent reporting date)	1.117
Nominal value of instrument (TL million)	1.117
Accounting classification of the instrument	Liabilities Subordinated Loan
Original date of issuance	31.12.2018
Maturity structure of the instrument (perpetual/dated)	Perpetual
Starting maturity of the instrument	-
Issuer call subject to prior supervisory (BRSA) approval	Yes
Call option dates, conditioned call dates and call amount	-
Subsequent call dates, if applicable	-
Interest / dividend payments	
Fixed or floating coupon/dividend payments	-
Interest rate and related index value	-
Existence of any dividend payment restriction	-
Fully discretionary, partially discretionary or mandatory	-
Existence of step up or other incentive to redeem	-
Noncumulative or cumulative	-
Convertible into equity shares	
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	
If bonds can be written down, write down trigger(s)	-
If bond can be written-down, full or partial	-
If bond can be written-down, permanent or temporary	-
If temporary write-down, description of write-up mechanism	-
Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument)	After borrowings, before the additional capital, same as Tier II Capital
In compliance with article number 7 and 8 of Regulation on Bank Capital	Complies with the requirements of Article 8 of the Regulation on Equity of Banks.
Details of incompliances with article number 7 and 8 of Regulation on Bank Capital	Complies with the requirements of Article 8 of the Regulation on Equity of Banks.

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations on Equity (Continued):

Information on borrowing instruments to be included in the equity calculation (Continued):

Current Period (30.09.2023)	
Issuer-Loan supplier	Bank / TWF
Identifier (CUSIP, ISIN etc.)	-
Governing law (s) of the instrument	BRSA
Regulatory treatment	
Subject to 10% deduction as of 1/1/2015	No
Eligible on unconsolidated and /or consolidated basis	Unconsolidated and Consolidated
Instrument type	Loan
Amount recognized in regulatory capital (Currency in TL million, as of most recent reporting date)	4.359
Nominal value of instrument (TL million)	4.359
Accounting classification of the instrument	Liabilities Subordinated Loan
Original date of issuance	24.04.2019
Maturity structure of the instrument (perpetual/dated)	Perpetual
Starting maturity of the instrument	-
Issuer call subject to prior supervisory (BRSA) approval	Yes
Call option dates, conditioned call dates and call amount	25.04.2024 (There is an early payment option after the 5th year)
Subsequent call dates, if applicable	-
Interest / dividend payments	
Fixed or floating coupon/dividend payments	Fixed Interest
Interest rate and related index value	5,08
Existence of any dividend payment restriction	-
Fully discretionary, partially discretionary or mandatory	-
Existence of step up or other incentive to redeem	-
Noncumulative or cumulative	-
Convertible into equity shares	
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	
If bonds can be written-down, write-down trigger(s)	-
If bond can be written-down, full or partial	-
If bond can be written-down, permanent or temporary	-
If temporary write-down, description of write-up mechanism	-
Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument)	After senior creditors and Tier II Capital
In compliance with article number 7 and 8 of Regulation on Bank Capital	Complies with the requirements of Article 7 of the Regulation on Equity of Banks.
Details of incompliances with article number 7 and 8 of Regulation on Bank Capital	Complies with the requirements of Article 7 of the Regulation on Equity of Banks.

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations on Equity (Continued):

Information on borrowing instruments to be included in the equity calculation (Continued):

Prior Period (31.12.2022)	
Issuer-Loan supplier	Bank / TWF
Identifier (CUSIP, ISIN etc.)	-
Governing law (s) of the instrument	BRSA
Regulatory treatment	
Subject to 10% deduction as of 1/1/2015	No
Eligible on unconsolidated and /or consolidated basis	Unconsolidated and Consolidated
Instrument type	Loan
Amount recognized in regulatory capital (Currency in TL million, as of most recent reporting date)	2.986
Nominal value of instrument (TL million)	2.986
Accounting classification of the instrument	Liabilities Subordinated Loan
Original date of issuance	24.04.2019
Maturity structure of the instrument (perpetual/dated)	Perpetual
Starting maturity of the instrument	-
Issuer call subject to prior supervisory (BRSA) approval	Yes
Call option dates, conditioned call dates and call amount	25.04.2024 (There is an early payment option after the 5th year)
Subsequent call dates, if applicable	-
Interest / dividend payments	
Fixed or floating coupon/dividend payments	Fixed Interest
Interest rate and related index value	5,08
Existence of any dividend payment restriction	-
Fully discretionary, partially discretionary or mandatory	-
Existence of step up or other incentive to redeem	-
Noncumulative or cumulative	-
Convertible into equity shares	
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	
If bonds can be written-down, write-down trigger(s)	-
If bond can be written-down, full or partial	-
If bond can be written-down, permanent or temporary	-
If temporary write-down, description of write-up mechanism	-
Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument)	After senior creditors and Tier II Capital
In compliance with article number 7 and 8 of Regulation on Bank Capital	Complies with the requirements of Article 7 of the Regulation on Equity of Banks.
Details of incompliances with article number 7 and 8 of Regulation on Bank Capital	Complies with the requirements of Article 7 of the Regulation on Equity of Banks.

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations on Equity (Continued):

Information on borrowing instruments to be included in the equity calculation (Continued):

Current Period (30.09.2023)	
Issuer-Loan supplier	Bank / TWF
Identifier (CUSIP, ISIN etc.)	-
Governing law (s) of the instrument	BRSA
Regulatory treatment	
Subject to 10% deduction as of 1/1/2015	No
Eligible on unconsolidated and /or consolidated basis	Unconsolidated and Consolidated
Instrument type	Loan
Amount recognized in regulatory capital (Currency in TL million, as of most recent reporting date)	1.500 (in 3 tranches)
Nominal value of instrument (TL million)	1.500 (in 3 tranches)
Accounting classification of the instrument	Liabilities
Original date of issuance	Subordinated Loan
Maturity structure of the instrument (perpetual/dated)	09.03.2022
Starting maturity of the instrument	Perpetual
Issuer call subject to prior supervisory (BRSA) approval	-
Call option dates, conditioned call dates and call amount	Yes
Subsequent call dates, if applicable	11-12-13 years at the earliest in tranches
Interest / dividend payments	
Fixed or floating coupon/dividend payments	-
Interest rate and related index value	Variable interest rate
Existence of any dividend payment restriction	0% Real interest rate and CPI indexed
Fully discretionary, partially discretionary or mandatory	-
Existence of step up or other incentive to redeem	-
Noncumulative or cumulative	-
Convertible into equity shares	
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	
If bonds can be written-down, write-down trigger(s)	-
If bond can be written-down, full or partial	-
If bond can be written-down, permanent or temporary	-
If temporary write-down, description of write-up mechanism	-
Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument)	After senior creditors and Tier II Capital
In compliance with article number 7 and 8 of Regulation on Bank Capital	Complies with the requirements of Article 7 of the Regulation on Equity of Banks.
Details of incompliances with article number 7 and 8 of Regulation on Bank Capital	Complies with the requirements of Article 7 of the Regulation on Equity of Banks.

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations on Equity (Continued):

Information on borrowing instruments to be included in the equity calculation (Continued):

Current Period (31.12.2022)	
Issuer-Loan supplier	Bank / TWF
Identifier (CUSIP, ISIN etc.)	-
Governing law (s) of the instrument	BRSA
Regulatory treatment	
Subject to 10% deduction as of 1/1/2015	No
Eligible on unconsolidated and /or consolidated basis	Unconsolidated and Consolidated
Instrument type	Loan
Amount recognized in regulatory capital (Currency in TL million, as of most recent reporting date)	1.500 (in 3 tranches)
Nominal value of instrument (TL million)	1.500 (in 3 tranches)
Accounting classification of the instrument	Liabilities
Original date of issuance	Subordinated Loan
Maturity structure of the instrument (perpetual/dated)	09.03.2022
Starting maturity of the instrument	Perpetual
Issuer call subject to prior supervisory (BRSA) approval	-
Call option dates, conditioned call dates and call amount	Yes
Subsequent call dates, if applicable	11-12-13 years at the earliest in tranches
Interest / dividend payments	-
Fixed or floating coupon/dividend payments	Variable interest rate
Interest rate and related index value	0% Real interest rate and CPI indexed
Existence of any dividend payment restriction	-
Fully discretionary, partially discretionary or mandatory	-
Existence of step up or other incentive to redeem	-
Noncumulative or cumulative	-
Convertible into equity shares	
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	
If bonds can be written-down, write-down trigger(s)	-
If bond can be written-down, full or partial	-
If bond can be written-down, permanent or temporary	-
If temporary write-down, description of write-up mechanism	-
Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument)	After senior creditors and Tier II Capital
In compliance with article number 7 and 8 of Regulation on Bank Capital	Complies with the requirements of Article 7 of the Regulation on Equity of Banks.
Details of incompliances with article number 7 and 8 of Regulation on Bank Capital	Complies with the requirements of Article 7 of the Regulation on Equity of Banks.

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations Related to Currency Risk:

The Bank is exposed to currency risk because of inconsistency of the foreign currency denominated asset and liability balances with respect to the transactions made in foreign currencies.

The currency risk management policy of the Bank is defined as keeping the “Foreign Currency Net General Position / Equity Standard” ratio within the legal boundaries with respect to the economic matters, trends in the market and financial position of the Bank. By keeping up with this main goal and with respect to asset and liability management, foreign currency denominated assets are appreciated with the most favorable interest rates in the foreign currency market.

Currency risk is calculated within the scope of the standard method used for legal reporting.

Besides, the exchange rate risk faced by the Bank daily is determined by preparing the foreign currency balance sheet by covering individual positions. Proforma foreign currency balance sheets are used for the measurement of the future exchange rate risks (including foreign currency-indexed assets and liabilities).

The Bank has no hedging derivative instruments for foreign currency denominated borrowings and net foreign currency investments.

A non-speculative foreign exchange position management policy is followed in order to limit the exposure of the currency risk. In this respect, distribution of foreign currency denominated on balance sheet and off-balance sheet items are considered.

In order to reduce the risk of foreign exchange rate fluctuations affecting the financial structure of the Bank, the risk of foreign exchange rate of the Bank is determined based on the Foreign Currency Net General Position / Equity ratio determined by the BRSA. The limit of the ratio has been changed to 10% effective from the decision date, as of the BRSA’s decision dated 9 March 2023 and numbered 10534.

The foreign exchange buying rates of the Bank as of the date of the financial statements and the last five business days prior to that date are as follows:

<u>Date</u>	<u>USD</u>	<u>EURO</u>	<u>100 JPY</u>
29/09/2023	27,4480	29,0592	18,4388
28/09/2023	27,3436	28,7162	18,3366
27/09/2023	27,2808	28,8167	18,3277
26/09/2023	27,2194	28,7872	18,3222
25/09/2023	27,1832	28,9311	18,3373

The simple arithmetic average of the last thirty-day rates as of 30 September 2023; USD: TL 26,9833
Euro: TL 28,8454 100 JPY: TL 18,3343.

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations Related to Currency Risk (Continued):

Information on the currency risk of the Bank:

Current Period (30.09.2023)	EURO	USD	Other FC^(*)	Total
Assets				
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of the Republic of Türkiye	-	-	-	-
Banks	83.892	1.180.627	2.401	1.266.920
Financial assets measured at fair value through profit and loss	191.052	40.279	-	231.331
Money market placements	-	-	-	-
Financial assets measured at fair value through other comprehensive income	3.299.156	5.736.753	-	9.035.909
Loans	21.905.223	38.612.227	-	60.517.450
Subsidiaries, associates and jointly controlled entities (joint ventures)	-	-	-	-
Financial assets measured at amortised cost	5.747.320	55.362	-	5.802.682
Derivative financial assets held for trading	-	-	-	-
Tangible assets	-	-	-	-
Intangible assets	-	-	-	-
Other assets	45.174	106.562	-	151.736
Total assets	31.271.817	45.731.810	2.401	77.006.028

Liabilities				
Interbank deposits	-	-	-	-
Foreign currency deposits	-	-	-	-
Money market borrowings	-	-	-	-
Funds provided from other financial institutions	21.973.560	49.421.792	-	71.395.352
Securities issued	2.910.532	-	-	2.910.532
Subordinated debt instruments	6.958.540	-	-	6.958.540
Sundry creditors	40.308	328.565	-	368.873
Derivative financial liabilities held for trading	-	136	-	136
Other liabilities	435.504	1.865.868	-	2.301.372
Total liabilities	32.318.444	51.616.361	-	83.934.805

Net balance sheet position	(1.046.627)	(5.884.551)	2.401	(6.928.777)
Net off-balance sheet position	1.031.601	5.883.412	-	6.915.013
Assets on derivative instruments	1.031.601	8.344.192	-	9.375.793
Liabilities on derivative instruments	-	(2.460.780)	-	(2.460.780)
Non-cash loans	1.686.322	2.188.631	-	3.874.953

Prior Period (31.12.2022)				
Total assets	22.765.983	37.538.871	1.275	60.306.129
Total liabilities	22.341.959	41.268.818	45	63.610.822
Net balance sheet position	424.024	(3.729.947)	1.230	(3.304.693)
Net off-balance sheet position	(206.065)	3.756.486	-	3.550.421
Assets on derivative instruments	1.473.318	7.161.779	-	8.635.097
Liabilities on derivative instruments	(1.679.383)	(3.405.293)	-	(5.084.676)
Non-cash loans	1.341.516	1.627.527	-	2.969.043

(*) The foreign currencies presented in the other FC column of assets comprise; 32% GBP, 46% CHF and 22% JPY.

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

III. Explanations Related to Interest Rate Risk:

The interest rate risk indicates the probability of loss that the Bank may incur due to the position of the financial instruments due to movements in the interest rates. Changes in interest rates affect the return on the assets and the cost of the liabilities. Interest rate risk arising from banking accounts, includes re-pricing risk, yield curve risk, base risk and option risk.

The interest rates determined by the market actors, especially the central banks, have a decisive role on the economic value of the Bank's balance sheet and on the Bank's income-loss balance. Sudden interest shocks in the market because the Bank to open the gap between the applied interest rate of the revenue generating assets and the interest paid on the liabilities. The opening of this gap may cause the Bank interest income to be adversely affected by fluctuations in market interest rates and may cause decrease in profitability of the Bank.

The Bank's basic principle in the interest rate risk management policy is to avoid mismatch and provide alignment between loans disbursed with fixed and floating rate and funds provided with fixed and floating rate. Accordingly, interest rate, currency and maturity alignment are respected during the disbursement of loans funded by foreign long-term borrowings, which form the material part of the loan portfolio. Almost the entire loan portfolio is financed by floating rate borrowings, thus interest rate risk from changes in interest rates seems not probable for the loan portfolio because of the correlation provided between the sources and the uses and other loans in the portfolio are financed by the equity of the Bank.

Within the framework of the Bank's basic principle of interest rate risk policy, optimization of portfolio distribution in the management of interest-sensitive assets other than loans is provided by considering possible changes in duration of positions and current interest rate limits; by taking into account alternative return, limits of tolerable loss and risk. In this context, to measure the interest rate risk exposure of the Bank, the effect of days to maturity and profit/loss are analyzed considering the scenarios of possible changes in interest rates for securities portfolio. Alternatives for compensation of probable losses that may arise as a result of fluctuations in interest rates are examined using different markets. Interest rate sensitivity analysis is also made for the positions besides securities portfolio.

There is no interest rate mismatch on loan portfolio as the main principle of interest rate adjustment on the source and disbursement side of the loan portfolio of the Bank. For this reason, the Bank's credit portfolio does not carry any interest rate risk even if it is affected by market volatility. Interest rate-sensitive items on the Bank's balance sheet are limited only to the size of the Financial Assets Measured at Fair Value Through Other Comprehensive Income within the liquid portfolio.

In order to minimize the possibility of unfavorable effects of market interest rate changes on the Bank's financial position, risk limits are used for the management of interest rate risk. These limits are set by Asset-Liability Committee and approved by Board of Directors. The Bank monitors and controls whether interest-sensitive assets are within the determined limits.

In order to minimize the likelihood that the change in market interest rates in the Bank's securities portfolio management will cause adverse effects on the financial structure of the Bank, limits have been set on the adjusted duration of the securities portfolio and the amount of daily loss that may arise from the securities portfolio.

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

III. Explanations Related to Interest Rate Risk (Continued):

Based on the statutory 20% rate of “*The Ratio of Interest Rate Risk Due to Banking Book*” determined by the BRSA to the measurement and evaluation of the interest rate risk by using standard shock method, arising from the on-balance sheet and off-balance sheet positions in the banking book within the scope of the interest rate limits of the Bank, is determined with a more conservative approach.

Interest rate sensitivity of assets, liabilities and off-balance sheet items (based on days to repricing dates).

End of the Current Period (30.09.2023)	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash (Cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey ⁽¹⁾	-	-	-	-	-	1.853	1.853
Banks ⁽¹⁾	11.180.719	-	-	-	-	1.209.640	12.390.359
Financial assets measured at fair value through profit and loss	-	-	-	-	-	468.930	468.930
Money market placements	10.814.658	-	-	-	-	-	10.814.658
Financial assets measured at fair value through other comprehensive income ⁽³⁾	1.019.000	761.426	5.324.340	3.382.585	185.946	18.383	10.691.680
Loans ⁽²⁾	3.701.147	30.543.773	13.870.667	7.121.683	21.244.852	373.252	76.855.374
Financial assets measured at amortised cost	-	321.194	6.284.394	1.915.908	3.160.391	-	11.681.887
Other assets ⁽⁴⁾	150.101	-	-	-	-	550.961	701.062
Total Assets ⁽⁵⁾	26.865.625	31.626.393	25.479.401	12.420.176	24.591.189	2.623.019	123.605.803
Liabilities							
Interbank deposits	-	-	-	-	-	-	-
Other deposits	-	-	-	-	-	-	-
Money market borrowings	3.849.964	-	-	-	-	-	3.849.964
Miscellaneous payables	-	-	-	-	-	429.556	429.556
Marketable securities issued	-	-	2.910.532	-	-	-	2.910.532
Funds provided from other financial institutions	20.639.012	14.763.891	22.981.034	9.619.831	23.936.819	-	91.940.587
Other liabilities ^{(4),(6)}	476.946	-	5.327.551	-	3.141.310	15.529.357	24.475.164
Total Liabilities	24.965.922	14.763.891	31.219.117	9.619.831	27.078.129	15.958.913	123.605.803
Long position on balance sheet	1.899.703	16.862.502	-	2.800.345	-	-	21.562.550
Short position on balance sheet	-	-	(5.739.716)	-	(2.486.940)	(13.335.894)	(21.562.550)
Long position on off-balance sheet	31.133	-	-	-	-	-	31.133
Short position on off-balance sheet	-	(49.636)	(3.062)	-	-	-	(52.698)
Total Position	1.930.836	16.812.866	(5.742.778)	2.800.345	(2.486.940)	(13.335.894)	(21.565)

⁽¹⁾ Balances without maturity are shown in “Non-interest Bearing” column.

⁽²⁾ Net balance of non-performing loans is shown in “Non-interest Bearing” column.

⁽³⁾ Securities representing share in capital are shown in “Non-interest Bearing” column.

⁽⁴⁾ Deferred tax asset, shareholders’ equity and other non-interest-bearing assets and liabilities are shown in “Non-Interest Bearing” column.

⁽⁵⁾ The expected credit losses for financial assets and other assets are reflected to the related items.

⁽⁶⁾ Subordinated loans are shown in the “Other Liabilities” line.

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

III. Explanations Related to Interest Rate Risk (Continued):

Interest rate sensitivity of assets, liabilities and off-balance sheet items (based on days to repricing dates):

End of the Prior Period (31.12.2022)	Up to 1 Month	1–3 Months	3–12 Months	1–5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of the Republic of Türkiye ⁽¹⁾	-	-	-	-	-	835	835
Banks ⁽¹⁾	8.675.865	-	-	-	-	68.737	8.744.602
Financial assets measured at fair value through profit and loss	-	-	-	-	-	289.829	289.829
Money market placements	6.629.640	-	-	-	-	-	6.629.640
Financial assets measured at fair value through other comprehensive income ⁽³⁾	1.745.918	2.017.235	2.370.608	2.488.099	7.909	17.174	8.646.943
Loans ⁽²⁾	22.810.273	10.780.057	7.004.373	5.959.813	12.351.587	326.555	59.232.658
Financial assets measured at amortised cost	15.774	67.843	544.180	4.622.130	2.310.595	-	7.560.522
Other assets ⁽⁴⁾	31.094	-	-	-	-	462.029	493.123
Total Assets ⁽⁵⁾	39.908.564	12.865.135	9.919.161	13.070.042	14.670.091	1.165.159	91.598.152
Liabilities							
Interbank deposits	-	-	-	-	-	-	-
Other deposits	-	-	-	-	-	-	-
Money market borrowings	2.960.566	-	-	-	-	-	2.960.566
Miscellaneous payables	-	-	-	-	-	335.061	335.061
Marketable securities issued	-	-	2.018.433	-	-	-	2.018.433
Funds provided from other financial institutions	8.095.295	17.337.135	23.790.791	6.646.375	12.837.325	-	68.706.921
Other liabilities ⁽⁴⁾	245.491	-	-	3.528.830	2.301.046	11.501.804	17.577.171
Total Liabilities	11.301.352	17.337.135	25.809.224	10.175.205	15.138.371	11.836.865	91.598.152
Long position on balance sheet	28.607.212	-	-	2.894.837	-	-	31.502.049
Short position on balance sheet	-	(4.472.000)	(15.890.063)	-	(468.280)	(10.671.706)	(31.502.049)
Long position on off-balance sheet	8.811	167	2.215	-	-	-	11.193
Short position on off-balance sheet	-	-	-	-	-	-	-
Total Position	28.616.023	(4.471.833)	(15.887.848)	2.894.837	(468.280)	(10.671.706)	11.193

⁽¹⁾ Balances without maturity are shown in “Non-interest Bearing” column.

⁽²⁾ Net balance of non-performing loans is shown in “Non-interest Bearing” column.

⁽³⁾ Securities representing share in capital are shown in “Non-interest Bearing” column.

⁽⁴⁾ Deferred tax asset, shareholders’ equity and other non-interest bearing assets and liabilities are shown in “Non-interest Bearing” column.

⁽⁵⁾ The expected credit losses for financial assets and other assets are reflected to the related items.

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

III. Explanations Related to Interest Rate Risk (Continued):

Average interest rates applied to monetary financial instruments (%):

End of the Current Period (30.09.2023)	EURO	USD	JPY	TL
Assets (*)				
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of the Republic of Türkiye	-	-	-	-
Banks	3,08	-	-	36,08
Financial assets measured at fair value through profit and loss	-	-	-	-
Money market placements	-	-	-	33,98
Financial assets measured at fair value through other comprehensive income	4,87	7,53		28,02
Loans	6,92	8,53	-	13,94
Other financial assets measured at amortised cost(**)	5,03	7,68	-	47,28
Liabilities (*)				
Interbank deposits	-	-	-	-
Other deposits	-	-	-	-
Money market borrowings	-	-	-	31,33
Miscellaneous payables	-	-	-	-
Marketable securities issued	7,50	-	-	-
Funds accepted by development and investment banks	0,75	4,54	-	33,68
Funds provided from other financial institutions(***)	3,51	6,07	-	17,32

(*) Ratios shown in the table are calculated by using annual interest rates.

(**) The majority of the TL portfolio consists of CPI indexed securities.

(***) Funds from other financial institutions also include subordinated loans.

End of the Prior Period (31.12.2022)	EURO	USD	JPY	TL
Assets (*)				
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of the Republic of Türkiye	-	-	-	-
Banks	3,41	4,58	-	25,94
Financial assets measured at fair value through profit and loss	-	-	-	-
Money market placements	-	-	-	14,26
Financial assets measured at fair value through other comprehensive income	3,77	6,31	-	24,16
Loans	5,20	7,41	-	11,34
Other financial assets measured at amortised cost(**)	5,11	-	-	49,74
Liabilities (*)				
Interbank deposits	-	-	-	-
Other deposits	-	-	-	-
Money market borrowings	-	-	-	10,10
Miscellaneous payables	-	-	-	-
Marketable securities issued	5,13	-	-	-
Funds accepted by development and investment banks	1,74	3,48	-	14,88
Funds provided from other financial institutions(***)	2,76	5,15	-	17,95

(*) Ratios shown in the table are calculated by using annual interest rates.

(**) The majority of the TL portfolio consists of CPI indexed securities.

(***) Funds from other financial institutions also include subordinated loans.

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

IV. Explanations Related to Position Risk of Equity Securities:

None.

V. Explanations Related to Liquidity Risk Management and Liquidity Coverage Ratio:

1. Explanations related to liquidity risk management

The Bank's liquidity management is managed by Treasury Department in coordination with related departments and the strategies constituted by Asset Liability Committee as part of "Risk Management Strategies, Policies and Application Principles" that is approved by the Board of Directors. The liquidity risk management as per the implementation principles are stated as follows:

Liquidity risk refers to the probability that the Bank will incur the consequential loss that it cannot anticipate or face unforeseeable, all cash flow requirements without affecting the day-to-day operations or financial structure.

Liquidity risk also represents the possibility of loss due to Bank's inability of settling with market prices since the lack of depth and excessive fluctuations in the market.

The main policy of Liquidity Risk Management in the Bank is to provide quality asset structure in which any liabilities can be fulfilled. Since the Bank is specialized, its liquidity need is more predictable as compared to commercial banks and ensures cash flows provided for its liabilities more regularly.

The type, maturity structure and compliance of interest rates of assets and liabilities in the Bank's balance sheet, is assured within the framework of the Asset Liability Management Committee's decisions. The Bank keeps liquidity ratios within risk limits as set out in legal legislation and follows regularly.

In order to manage liquidity risk, proforma cash flows are set on the basis of predictable data by evaluating the maturities of asset and liability structure. Proper placement of liquidity excess considering alternative gains and meeting liquidity needs with the most appropriate cost of funding is essential.

Additionally, monthly proforma cash flows and balance sheet durations regarding the fulfilment level of medium- and long-term liabilities are traced in order to determine early factors that generate risk.

Mainly for risk measurement and monitoring activities to determine the level of liquidity risk;

The liquidity risk of the Bank is calculated by using "Liquidity Analysis Forms" in accordance with the format determined by the BRSA and reported to the BRSA on a weekly and daily basis.

Limits on liquidity risk are determined under; the legal limitations set out by the BRSA and the "Liquidity Emergency Plan Directive of the Bank". The Bank's "Liquidity Emergency Plan Directive" came into force with the decision of the Board of Directors dated 21 December 2022 and numbered 2022-20-11/287. Situations that require the implementation of the Liquidity Emergency Plan are followed by indicators derived from bank-specific (internal) and financial market developments. The Liquidity Emergency Plan includes actions to ensure that the Bank fulfills its obligations at its current level and to maintain liquidity at the level required by the Bank or to achieve liquidity at acceptable costs and to provide the necessary liquidity with the objective of protecting the Bank's reputation.

In the liquidity risk management of the Bank, the limitations within the scope of the relevant regulations of the BRSA and the internal risk limits determined within the framework of the Bank's "Risk Management Strategies, Policies and Implementation Principles" and general market conditions are determinants. Therefore, units active in liquidity risk management, especially the Treasury Unit, act within these limitations.

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

V. Explanations Related to Liquidity Risk Management and Liquidity Coverage Ratio (Continued):

1. Explanations related to liquidity risk management (Continued):

First limitation on legal requirements set by the BRSA is; as per the regulation on “Calculation of Liquidity Coverage Ratio”, minimum limits of 100% and 80% are assigned on consolidated and unconsolidated basis respectively for total and foreign currency limits. On the other hand investment and development banks are exempt from those limitations until BRSA has determined otherwise.

The Bank’s internal reporting within the scope of liquidity risk management consists of daily, weekly and monthly reports. Daily balance sheets and duration calculations are followed in daily basis report. On weekly reports, liquidity limits are monitored. Weekly realized liquidity limits determined by Board of Directors is aggregated in monthly risk limits monitoring report. Those reports investigate legal risks and adaption of early warning limits. Also, to monitor liquidity risk in “TKB Riskiness Analysis According to Selected Indicators and Risk Groups” report prepared monthly includes;

- Proforma Cash Flows Statement,
- Proforma Currency Balance Sheet,
- Duration of Balance Sheet Items, -in detail- Marketable Securities (by class of financial instruments),
- Summary of liquidity forms sent to BRSA

With proforma cash flows statement, amount of future liquid assets are shown in different scenarios for one-year period.

Related report is presented to the Board of Directors; the Audit Committee and senior management on a monthly basis. By taking into consideration these reports, the Asset Liability Committee and Audit Committee evaluate the liquidity position of the Bank, and results of liquidity measurement system are included in the decision-making process.

Regarding the liquidity risk, as well as legal limits, internal limits have been determined in accordance with its own internal procedures, mission and risk appetite, as included in the Bank’s Risk Appetite Structure, Risk Limits and Implementation Principles. These limits have been determined by the Board of Directors in excess of legal limits, including early warning limits, and are revised annually.

2. Liquidity coverage ratio

The Bank’s liquidity coverage ratios are prepared weekly in accordance with the “Regulation on Calculation of the Liquidity Coverage Ratio of Banks” published in the Official Gazette dated 21 March 2014 and numbered 28948 and reported to the BRSA. Including the reporting period for the last 3 months minimum and maximum levels of unconsolidated foreign currency and total liquidity coverage ratios are shown below by specified weeks:

	Liquidity Coverage Ratio (Weekly Unconsolidated)							
	Current Period (30.09.2023)				Prior Period (31.12.2022)			
	FC	Date	FC+TL	Date	FC	Date	FC+TL	Date
Maximum (%)	119,24	07.07.2023	190,88	15.09.2023	95,22	04.11.2022	152,45	18.11.2022
Minimum (%)	72,26	01.07.2023	132,74	07.07.2023	53,44	30.09.2022	91,57	14.10.2022

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

V. Explanations Related to Liquidity Risk Management and Liquidity Coverage Ratio (Continued):

2. Liquidity coverage ratio (Continued):

	Total Unweighted Value (Average)^(*)		Total Weighted Value (Average)^(*)	
Current Period (30.09.2023)	TL+FC	FC	TL+FC	FC
HIGH-QUALITY LIQUID ASSETS				
Total high-quality liquid assets (HQLA)	-	-	8.255.921	2.134.710
CASH OUTFLOWS				
Retail and small business customers deposits	-	-	-	-
Stable deposits	-	-	-	-
Less stable deposits	-	-	-	-
Unsecured funding other than retail and small business customers deposits	2.748.146	2.031.583	1.744.211	1.131.112
Operational deposits	-	-	-	-
Non-operational deposits	-	-	-	-
Other unsecured funding	2.748.146	2.031.583	1.744.211	1.131.112
Secured funding	-	-	-	-
Other cash outflows	14.117.330	3.713.546	14.117.330	3.713.546
Liquidity needs related to derivatives and market valuation changes on derivatives transactions	14.117.330	3.713.546	14.117.330	3.713.546
Debts related to structured financial products	-	-	-	-
Payment commitments related to debts to financial markets and other off-balance sheet liabilities	-	-	-	-
Commitments that are unconditionally revocable at any time and other contractual commitments	11.181.049	6.453.598	559.052	322.680
Other irrevocable or conditionally revocable commitments	3.597.922	3.517.552	3.474.969	3.394.599
TOTAL CASH OUTFLOWS			19.895.562	8.561.937
CASH INFLOWS				
Secured receivables	-	-	-	-
Unsecured receivables	18.005.535	2.315.586	17.368.649	1.754.252
Other cash inflows	14.482.318	11.049.970	14.482.318	11.049.970
TOTAL CASH INFLOWS	32.487.853	13.365.556	31.850.967	12.804.222
			Upper limit applied amounts	
TOTAL HIGH-QUALITY LIQUID ASSETS			8.255.921	2.134.710
TOTAL NET CASH OUTFLOWS			4.973.891	2.140.484
LIQUIDITY COVERAGE RATIO (%)			165,99	99,73

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

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

V. Explanations Related to Liquidity Risk Management and Liquidity Coverage Ratio (Continued):

2. Liquidity coverage ratio (Continued):

	Total Unweighted Value (Average) ^(*)		Total Weighted Value (Average) ^(*)	
Prior Period (31.12.2022)	TL+FC	FC	TL+FC	FC
HIGH-QUALITY LIQUID ASSETS				
Total high-quality liquid assets (HQLA)	-	-	7.419.006	1.822.211
CASH OUTFLOWS				
Retail and small business customers deposits	-	-	-	-
Stable deposits	-	-	-	-
Less stable deposits	-	-	-	-
Unsecured funding other than retail and small business customers deposits	1.455.353	967.373	1.118.495	694.549
Operational deposits	-	-	-	-
Non-operational deposits	-	-	-	-
Other unsecured funding	1.455.353	967.373	1.118.495	694.549
Secured funding			-	-
Other cash outflows	13.163.710	5.874.404	13.163.710	5.874.404
Liquidity needs related to derivatives and market valuation changes on derivatives transactions	13.163.710	5.874.404	13.163.710	5.874.404
Debts related to structured financial products	-	-	-	-
Payment commitments related to debts to financial markets and other off-balance sheet liabilities	-	-	-	-
Commitments that are unconditionally revocable at any time and other contractual commitments	10.544.421	8.309.344	527.221	415.467
Other irrevocable or conditionally revocable commitments	-	-	-	-
TOTAL CASH OUTFLOWS	-	-	14.809.426	6.984.420
CASH INFLOWS				
Secured receivables	-	-	-	-
Unsecured receivables	11.467.430	1.919.304	14.515.554	1.611.311
Other cash inflows	13.176.494	8.366.518	13.176.494	8.366.518
TOTAL CASH INFLOWS	24.643.924	10.285.822	27.692.048	9.977.829
			Upper limit applied amounts	
TOTAL HIGH-QUALITY LIQUID ASSETS			7.419.006	1.822.211
TOTAL NET CASH OUTFLOWS			6.214.203	2.325.645
LIQUIDITY COVERAGE RATIO (%)			119,39	78,35

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

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

V. Explanations Related to Liquidity Risk Management and Liquidity Coverage Ratio (Continued):

3. Explanations related to liquidity coverage ratio

Significant factors that impact the result of liquidity coverage ratio and change of the items in time that are taken into account in calculation of this ratio

The significant factors that impact liquidity coverage ratio are net cash outflows and high-quality assets stock. Items taken into consideration in the calculation of the ratio may be changed in time because of economic structure and decisions of the Bank's fund management.

The explanation about elements of the high-quality liquid assets

High quality liquid assets mostly consist of domestic government bonds and Eurobonds.

Content of funds and their composition

The main funding source of the Bank is loans attained from domestic and international financial institutions. The share of these resources in all funds is approximately 77,2%. 7,7% of the Bank's total funding consists of funds, 9% consists of subordinated debt instruments, 3,5% is provided from money markets and 2,6% consists of securities issued.

Cash outflows generating from derivative transactions and information about which transactions are subject to collateral margin

Derivative transactions of the Bank are predominantly currency swap purchase-sale transactions. Income and expense figures related to derivative transactions made within the year are accounted in profit/loss from derivative financial transactions. There are no transactions that are likely to complete collateral.

Counterparty and product-based funding sources and concentration limits on collateral

The fund sources of the Bank, whose field of activity is development banking, are generally international development banks and financial institutions; there is no concentration limit on the other party and product basis.

The operational and legal factors that hinder liquidity transfer which is needed by the bank itself, its foreign branch and its consolidated subsidiary, and respective liquidity risk.

None.

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

V. Explanations Related to Liquidity Risk Management and Liquidity Coverage Ratio (Continued):

4. 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 ⁽¹⁾	Total
Current Period (30.09.2023)								
Assets								
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	1.853	-	-	-	-	-	-	1.853
Banks	1.209.640	11.180.719	-	-	-	-	-	12.390.359
Financial assets measured at fair value through profit and loss	468.930	-	-	-	-	-	-	468.930
Money market placements	-	10.814.658	-	-	-	-	-	10.814.658
Financial assets measured at fair value through other comprehensive income	18.383	991.605	760.968	5.213.034	3.523.676	184.014	-	10.691.680
Loans	-	910.119	4.850.231	11.314.408	41.096.679	18.310.685	373.252	76.855.374
Financial assets measured at amortised cost	-	20.701	428.819	6.501.318	1.571.209	3.159.840	-	11.681.887
Other assets	-	150.101	-	-	-	-	550.961	701.062
Total Assets⁽²⁾	1.698.806	24.067.903	6.040.018	23.028.760	46.191.564	21.654.539	924.213	123.605.803
Liabilities								
Bank deposits	-	-	-	-	-	-	-	-
Other deposits	-	-	-	-	-	-	-	-
Funds provided from other financial institutions	-	6.617.460	2.121.172	8.680.471	36.053.701	38.467.783	-	91.940.587
Money market borrowings	-	3.849.964	-	-	-	-	-	3.849.964
Marketable securities issued	-	-	-	-	731.092	2.179.440	-	2.910.532
Miscellaneous payables	429.556	-	-	-	-	-	-	429.556
Other liabilities ⁽³⁾	2.372.246	529.517	893.689	5.327.551	-	4.772.299	10.579.862	24.475.164
Total Liabilities	2.801.802	10.996.941	3.014.861	14.008.022	36.784.793	45.419.522	10.579.862	123.605.803
Liquidity Gap	(1.102.996)	13.070.962	3.025.157	9.020.738	9.406.771	(23.764.983)	(9.655.649)	-
Net Off-Balance Position	-	31.133	(49.636)	(3.062)	-	-	-	(21.565)
Derivative Financial Assets	-	9.687.974	2.031.152	54.896	-	-	-	11.774.022
Derivative Financial Liabilities	-	9.656.841	2.080.788	57.958	-	-	-	11.795.587
Non-Cash Loans	83.735	-	-	177.307	-	3.697.646	-	3.958.688
Prior Period (31.12.2022)								
Total Assets	376.575	17.455.511	4.142.539	18.822.963	35.106.787	14.905.193	788.584	91.598.152
Total Liabilities	3.141.202	8.943.889	1.072.693	12.022.247	29.609.847	29.516.591	7.291.683	91.598.152
Liquidity Gap	(2.764.627)	8.511.622	3.069.846	6.800.716	5.496.940	(14.611.398)	(6.503.099)	-
Net Off-Balance Position	-	8.811	167	2.215	-	-	-	11.193
Derivative Financial Assets	-	12.412.300	169.078	58.345	-	-	-	12.639.723
Derivative Financial Liabilities	-	12.403.489	168.911	56.130	-	-	-	12.628.530
Non-Cash Loans	72.364	-	-	118.753	68.919	2.781.425	-	3.041.461

⁽¹⁾ Assets such as fixed assets, associates, subsidiaries, inventory, prepaid expenses, net non performing receivables and other asset accounts that would not be converted to cash in a short time period and needed to be used in the banking activities, deferred tax asset; liabilities and equity accounts, such as the accounts with no maturities and provisions, are shown in the undistributed column.

⁽²⁾ The expected credit losses for financial assets and other assets are reflected in the related items.

⁽³⁾ Subordinated loans are shown in the "Other Liabilities" line.

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VI. Explanation Related to Leverage Ratio:

In the current period, the rate of increase in Tier 1 capital was higher than the rate of increase in total risk amount. As of 30 September 2023, the Bank's leverage ratio calculated from the average of three months is 11,84% (31 December 2022: 11,18%). The reason why the current period leverage ratio is higher than the previous period leverage ratio is that the capital amounts have increased at a higher rate than the total risk amount.

On-balance sheet assets	Current Period (30.09.2023) ^(*)	Prior Period (31.12.2022) ^(*)
Balance sheet assets (Excluding derivative financial instruments and credit derivatives, including collaterals)	118.543.550	86.558.604
(Assets deducted in determining Tier 1 capital)	-	-
Total balance sheet exposures	118.543.550	86.558.604
Derivative financial instruments and loan derivatives		
Replacement cost of derivative financial instruments and loan derivatives	-	-
Potential loan risk of derivative financial instruments and loan derivatives	1.028.548	993.478
Total derivative financial instruments and loan derivatives exposure	1.028.548	993.478
Securities financing transaction exposure		
Risk amount of financing transactions secured by marketable security or commodity (excluding on-balance sheet)	2.381.396	2.311.787
Risks from brokerage activities related exposures	-	-
Total risk amount of financing transactions secured by marketable security or commodity	2.381.396	2.311.787
Off-balance sheet items		
Gross notional amounts of off-balance sheet items	15.059.570	14.293.171
(Adjustments for conversion to credit equivalent amounts)	(9.339.021)	(9.736.392)
Total risks of off-balance sheet items	5.720.549	4.556.779
Capital and total risks		
Tier 1 capital	15.113.906	10.552.034
Total risks	127.674.043	94.420.648
Leverage ratio		
Leverage ratio	11,84	11,18

^(*) Calculated by taking the average of the last three months financial statements' data.

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VII. Explanations Related to Risk Management:

1. General information on risk management and risk weighted amounts:

Footnotes and related explanations prepared in accordance with the “Communiqué on Disclosures About Risk Management to Be Announced to Public by Banks” published in the Official Gazette No: 29511 on 23 October 2015 and entered into force as of 31 March 2016 are given in this section. In accordance with the relevant communiqué, the following tables, which should be given quarterly, were not presented as of 30 September 2023, as the Bank’s standard approach was used in the calculation of capital adequacy:

- RWA flow statement under IMM (Internal Model Method)
- RWA flow statements of CCR exposures under Internal Model Method (IMM)
- RWA flow statements of market risk exposures under an IMA

Overview of risk weighted amounts:

		Risk Weighted Amount		Minimum Capital Requirement
		Current Period (30.09.2023)	Prior Period (31.12.2022)	Current Period (30.09.2023)
1	Credit risk (excluding counterparty credit risk) (CCR)	90.063.296	74.807.459	7.205.064
2	Of which standardized approach (SA)	90.063.296	74.807.459	7.205.064
3	Of which internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	550.523	692.432	44.042
5	Of which standardized approach for counterparty credit risk (SA-CCR)	550.523	692.432	44.042
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	Securitization exposures in banking book	-	-	-
13	Of which IRB ratings-based approach (RBA)	-	-	-
14	Of which IRB supervisory formula approach (SFA)	-	-	-
15	Standard Of which SA/simplified supervisory formula approach (SSFA)	-	-	-
16	Market Risk	9.922.814	107.525	793.825
17	Of which standardized approach (SA)	9.922.814	107.525	793.825
18	Of which internal model approaches (IMM)	-	-	-
19	Operational Risk	3.333.759	1.883.165	266.701
20	Of which basic indicator approach	3.333.759	1.883.165	266.701
21	Of which standardized approach	-	-	-
22	Of which advanced measurement approach	-	-	-
23	Amounts below the thresholds for deduction from capital (subject to 250% risk weight)	-	-	-
24	Floor adjustments	-	-	-
25	Total (1+4+7+8+9+10+11+12+16+19+23+24)	103.870.392	77.490.581	8.309.632

SECTION FIVE

EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS

I. Explanations and Notes Related to Assets:

1. Information on financial assets:

1.1. Information on cash and cash equivalents:

1.1.1. Information on cash and balances with the Central Bank of the Republic of Türkiye:

	Current Period (30.09.2023)		Prior Period (31.12.2022)	
	TL	FC	TL	FC
Cash in TL/Foreign currency	27	-	44	-
CBRT	1.827	-	791	-
Other	-	-	-	-
Total	1.854	-	835	-

1.1.1.a) Information on required reserve deposits:

Since the Bank does not accept deposits, it is not subject to Central Bank of the Republic of Türkiye's Communiqué No: 2005/1 "Reserve Requirements".

1.1.1.b) Information on the account of Central Bank of the Republic of Türkiye:

	Current Period (30.09.2023)		Prior Period (31.12.2022)	
	TL	FC	TL	FC
Unrestricted demand deposit	1.827	-	791	-
Unrestricted time deposit	-	-	-	-
Restricted time deposit	-	-	-	-
Total	1.827	-	791	-

1.1.2. Information on banks:

	Current Period (30.09.2023)		Prior Period (31.12.2022)	
	TL	FC	TL	FC
Banks				
Domestic	11.142.154	4.711	7.771.783	921.416
Foreign	-	1.262.209	-	64.779
Foreign head office and branches	-	-	-	-
Total	11.142.154	1.266.920	7.771.783	986.195

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes Related to Assets (Continued):

1.1. Information on cash and cash equivalents (Continued):

1.1.3. Information on money market placements:

	Current Period (30.09.2023)		Prior Period (31.12.2022)	
	TL	FC	TL	FC
Money market placements	10.822.450	-	6.634.417	-
Receivables from reverse repo transactions	-	-	-	-
Total	10.822.450	-	6.634.417	-

1.1.4. Information on expected credit loss provisions for financial assets:

	Current Period (30.09.2023)		Prior Period (31.12.2022)	
	TL	FC	TL	FC
Cash and balances with Central Bank	1	-	-	-
Banks	18.715	-	13.376	-
Receivables from money market	7.792	-	4.777	-
Total	26.508	-	18.153	-

1.2. Financial assets measured at fair value through profit and loss subject to repurchase agreements (Net):

None.

1.2.a) Financial assets measured at fair value through profit and loss given as collateral or blocked (Net):

None.

1.3. Information on financial assets measured at fair value through other comprehensive income:

1.3.a-1) Financial assets measured at fair value through other comprehensive income subject to repurchase agreements:

	Current Period (30.09.2023)		Prior Period (31.12.2022)	
	TL	FC	TL	FC
Share certificates	-	-	-	-
Bonds, treasury bills and similar securities	413.992	-	486.436	-
Other	-	-	-	-
Total	413.992	-	486.436	-

1.3.a-2) Information on financial assets measured at fair value through other comprehensive income given as collateral or blocked:

	Current Period (30.09.2023)		Prior Period (31.12.2022)	
	TL	FC	TL	FC
Share certificates	-	-	-	-
Bonds, treasury bills and similar securities	47.846	1.141.721	834.674	793.984
Other	-	-	-	-
Total	47.846	1.141.721	834.674	793.984

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.**Notes to the Unconsolidated Financial Statements as of 30 September 2023**

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION FIVE (Continued)**EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)****I. Explanations and Notes Related to Assets (Continued):****1.3. Information on financial assets measured at fair value through other comprehensive income (Continued):****1.3.a-3) Information on financial assets measured at fair value through other comprehensive income:**

	Current Period (30.09.2023)	Prior Period (31.12.2022)
Debt Securities	10.692.870	8.643.578
Quoted on a stock exchange	10.692.870	8.643.578
Unquoted	-	-
Share Certificates	19.200	18.629
Quoted on a stock exchange	-	-
Unquoted	19.200	18.629
Provision for impairment (-)	(20.390)	(15.264)
Total	10.691.680	8.646.943

1.4. Information on derivative financial assets:

	Current Period (30.09.2023)		Prior Period (31.12.2022)	
	TL	FC	TL	FC
Forward transactions	-	-	-	-
Swap transactions	150.101	-	31.094	-
Futures	-	-	-	-
Options	-	-	-	-
Others	-	-	-	-
Total	150.101	-	31.094	-

2. Explanations on financial assets measured at amortised cost (Net):**2.1. Information on loans:****2.1.a) Information on all types of loans and advances given to shareholders and employees of the Bank:**

None

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 30 September 2023

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes Related to Assets (Continued):

2. Explanations on financial assets measured at amortised cost (Net) (Continued):

2.1. Information on loans (Continued):

2.1.b) Information on standard loans and loans under close monitoring (first and second group loans) including restructured loans under close monitoring:

Cash Loans Current Period (30.09.2023)	Standard Loans	Loans Under Close Monitoring		
		Loans not Subject to Restructuring	Restructured Loans	
			Loans with Revised Contract Terms	Refinance
Non-specialized loans	72.997.448	2.698.861	576.994	-
Working capital loans	8.715.670	-	5.284	-
Export loans	-	-	-	-
Import loans	-	-	-	-
Loans given to financial sector	8.594.928	-	-	-
Consumer loans	-	-	-	-
Credit cards	-	-	-	-
Other	55.686.850	2.698.861	571.710	-
Specialized loans	878.851	84.921	-	-
Other receivables	-	-	-	-
Total	73.876.299	2.783.782	576.994	-

Cash Loans Prior Period (31.12.2022)	Standard Loans	Loans Under Close Monitoring		
		Loans not Subject to Restructuring	Restructured Loans	
			Loans with Revised Contract Terms	Refinance
Non-specialized loans	55.729.460	2.290.326	303.883	-
Working capital loans	6.963.343	-	3.473	-
Export loans	-	-	-	-
Import loans	-	-	-	-
Loans given to financial sector	12.755.856	-	-	-
Consumer loans	-	-	-	-
Credit cards	-	-	-	-
Other	36.010.261	2.290.326	300.410	-
Specialized loans	910.031	168.389	43.832	-
Other receivables	-	-	-	-
Total	56.639.491	2.458.715	347.715	-

	Current Period (30.09.2023)		Prior Period (31.12.2022)	
	Standard Loans	Loans Under Close Monitoring	Standard Loans	Loans Under Close Monitoring
First and Second Stage Expected Loss Reserves				
12 Months expected credit losses	571.391	-	394.864	-
Significant increase in credit risk	-	183.561	-	144.952

2.1.c) Information on consumer loans, individual credit cards, and personnel loans and personnel credit cards:

As of the balance sheet date, there are no consumer loans, personal credit cards, personnel loans and personnel credit cards.

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes Related to Assets (Continued):

2. Explanations on financial assets measured at amortised cost (Net) (Continued):

2.1. Information on loans (Continued):

2.1.ç) Information on commercial loans with installments and corporate credit cards:

The Bank has not granted any commercial loans with installments and corporate credit cards as of balance sheet date.

2.1.d) Breakdown of domestic and international loans:

	Current Period (30.09.2023)	Prior Period (31.12.2022)
Domestic loans	78.108.514	60.340.295
International loans	-	-
Total	78.108.514	60.340.295

2.1.e) Loans granted to subsidiaries and associates:

TL 3.859 of loan disbursed to Arıcak A.Ş., a subsidiary of the Bank, has been followed at Group V. TL 3.859 default (Stage III) provision has been provided for this loan.

2.1.f) Default (third stage) provisions:

	Current Period (30.09.2023)	Prior Period (31.12.2022)
Loans with limited collectability	463.112	516.495
Loans with doubtful collectability	-	-
Uncollectible loans	35.076	51.326
Total	498.188	567.821

2.1.g) Information on non-performing loans (Net):

2.1.g-1) Information on loans and other receivables restructured or rescheduled from non-performing loans:

	III. Group Loans with Limited Collectability	IV. Group Loans with Doubtful Collectability	V. Group Uncollectible Loans
Current Period (30.09.2023)			
Gross amounts before provisions	88.897	-	35.217
Restructured loans	747.325	-	-
Prior Period (31.12.2022)			
Gross amounts before provisions	768.152	-	51.408
Restructured loans	74.814	-	-

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes Related to Assets (Continued):

2. Explanations on financial assets measured at amortised cost (Net) (Continued):

2.1. Information on loans (Continued):

2.1.g-2) Information on the movement of non-performing receivables:

	III. Group	IV. Group	V. Group
	Loans with Limited Collectability	Loans with Doubtful Collectability	Uncollectible Loans
Prior period end balance (31.12.2022)	842.966	-	51.408
Additions (+)	90.826	-	4.114
Transfer from other categories of non-performing loans (+)	-	-	-
Transfer to other categories of non-performing loans (-)	-	-	-
Collections (-)	(97.570)	-	(20.305)
Write-offs (-)	-	-	-
Sold (-)	-	-	-
Corporate and commercial loans	-	-	-
Consumer loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Current period end balance (30.09.2023)	836.222	-	35.217
Provision (-)	(463.112)	-	(35.076)
Net balance on balance sheet	373.110	-	141

2.1.g-3) Information on accruals of interest, rediscount and valuation effect and their provisions calculated for under follow-up loans of banks which provide expected credit loss according to TFRS 9:

	III. Group	IV. Group	V. Group
	Loans with Limited Collectability	Loans with Doubtful Collectability	Uncollectible Loans
Current Period (30.09.2023)			
Interest accruals and rediscount with valuation differences	55.069	-	31
Provision amount (-)	(55.069)	-	(31)
Net Balance	-	-	-
Prior Period (31.12.2022)			
Interest accruals and rediscount with valuation differences	71.467	-	24
Provision amount (-)	(71.467)	-	(24)
Net Balance	-	-	-

2.1.g-4) Information on foreign currency non-performing loans:

None

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes Related to Assets (continued):

2. Explanations on financial assets measured at amortised cost (Net) (Continued):

2.1. Information on loans (Continued):

2.1.g-5) Information regarding gross and net amounts of non-performing loans with respect to user groups:

	III. Group	IV. Group	V. Group
	Loans with Limited Collectability	Loans with Doubtful Collectability	Uncollectible Loans
Current Period (Net) (30.09.2023)	373.110	-	141
Loans to Real Persons and Legal Entities (Gross)	836.222	-	35.217
Provision amount (-)	(463.112)	-	(35.076)
Loans to Real Persons and Legal Entities (Net)	373.110	-	141
Banks (Gross)	-	-	-
Provision amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans (Gross)	-	-	-
Provision amount (-)	-	-	-
Other Loans (Net)	-	-	-
Prior Period (Net) (31.12.2022)	326.471	-	82
Loans to Real Persons and Legal Entities (Gross)	842.966	-	51.408
Provision amount (-)	(516.495)	-	(51.326)
Loans to Real Persons and Legal Entities (Net)	326.471	-	82
Banks (Gross)	-	-	-
Provision amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans (Gross)	-	-	-
Provision amount (-)	-	-	-
Other Loans (Net)	-	-	-

2.1.ğ) Main principles of liquidating non-performing loans and other receivables:

If there are collateral elements said in the fourth section of the Regulation on the Procedures and Principles Regarding the Classification of Loans and Provisions to be Reserved for them, these elements are converted into money as soon as possible as a result of both administrative and legal initiatives and the liquidation of the receivable is provided.

In the case collaterals are not present; the Bank is engaged in substantive intelligence in various periods to determine whether any property holdings are subsequently acquired in order to apply for legal procedures, even if there is evidence of insolvency for the debtor.

Before and after liquidation process; the Bank reviews financial information of the debtor companies. Then, in the case it is agreed that the companies show indications of operating on an ongoing basis and probably are going to have contributions to the economy; the Bank tries to make collections through rescheduling the payment terms.

2.1.h) Explanations on write-off policy:

Within the scope of the “Regulation Amending the Regulation on the Classification of Loans and the Provisions to be Set Aside”, which entered into force after being published in the Official Gazette dated 6 July 2021 and numbered 31533, the portion of “Fifth Group-Loans in the Type of Loss” with life-time loss provision for which there is no reasonable expectation of recovery is deducted from records within the scope of TFRS 9 as of the first reporting period following their classification in this group. As of 30 September 2023, the Bank does not have any credits deducted from its accounting records (31 December 2022: None).

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes Related to Assets (Continued):

2. Explanations on financial assets measured at amortised cost (Continued):

2.2. Information on finance lease receivables (Net):

The Bank's receivables arising from leasing transactions are TL 207. (31 December 2022: TL 1).

2.3. Information on factoring receivables:

None.

2.4.a) Information on government securities other financial assets measured at amortised cost subject to repurchase agreements:

	Current Period (30.09.2023)	Prior Period (31.12.2022)
Government bonds	3.227.072	2.432.127
Treasury bills	-	-
Other government debt securities	-	-
Total	3.227.072	2.432.127

2.4.b) Information on government securities given as collateral or blocked financial assets measured at amortised cost:

	Current Period (30.09.2023)	Prior Period (31.12.2022)
Government bonds	6.525.441	3.772.831
Treasury bills	-	67.842
Other government debt securities	-	-
Total	6.525.441	3.840.673

2.4.c) Information on government securities financial assets measured at amortised cost:

	Current Period (30.09.2023)	Prior Period (31.12.2022)
Government bonds	11.206.443	7.025.924
Treasury bills	-	67.842
Other government debt securities	422.712	468.457
Total	11.629.155	7.562.223

2.4.d) Information on other financial assets measured at amortised cost:

	Current Period (30.09.2023)	Prior Period (31.12.2022)
Debt Securities	11.684.517	7.562.223
Quoted on a stock exchange	11.684.517	7.562.223
Unquoted	-	-
Provision for impairment (-)	-	-
Total	11.684.517	7.562.223

2.4.e) Movement of other financial assets measured at amortised cost during the year:

	Current Period (30.09.2023)	Prior Period (31.12.2022)
Balance at the beginning of the period	7.562.223	3.012.392
Foreign currency difference on monetary assets	1.782.273	988.830
Purchases during the year (*)	3.025.911	3.618.945
Disposals through sales and redemptions (**)	(685.890)	(57.944)
Provision for impairment (-)	-	-
Balance at the end of the period	11.684.517	7.562.223

(*) TL 1.361.038 arises from the rediscount increase in purchases during the year (31 December 2022: TL 1.143.154).

(**) Disposals through sales and redemptions consist of TL 193.141 after coupon redemption rediscount reduction amount (31 December 2022: TL 57.944).

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes Related to Assets (Continued):

3. Assets held for sale and discontinued operations (Net):

None.

4. Information on equity investments:

4.1. Information on associates:

4.1.a) General information on associates:

	Description	Address (City/Country)	The Bank's share percentage-if different voting percentage (%)	The Bank's risk group share percentage (%)
	Maksan A.Ş.	Malatya	20	31,14

4.1.b) Financial statement information of associates ordered above:

(*)	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income From Marketable Securities	Current Period Profit/Loss	Prior Period Profit/Loss	Fair Value
	354.137	198.174	12.007	-	-	79.139	54.962	-

(*)The financial information of Maksan A.Ş. is provided from the unreviewed financial statements as of 30 June 2023. Prior period profit/loss amount is provided from the unreviewed financial statements as of 30 June 2022.

4.1.c) Movement of associates:

	Current Period (30.09.2023)	Prior Period (31.12.2022)
Balance at the beginning of the period	10.586	10.119
Movements during the period	-	467
Additions	-	-
Bonus shares certificates	-	-
Shares in current year profit	-	-
Disposal	-	-
TFRS 9 classification change	-	-
Revaluation increase	-	-
Provision for impairment (-) / Cancellation of provision	-	467
Balance at the end of the period	10.586	10.586
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

4.1.ç) Sectoral information about associates and their carrying amounts:

None.

4.1.d) Associates quoted in the stock exchange:

None.

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes Related to Assets (Continued):

4. Information on equity investments (Continued):

4.2. Information on subsidiaries (Net)

4.2.a) General information on subsidiaries

By the application of the company's Board of Directors and approval of the Capital Markets Board (CMB), Kalkınma Yatırım Menkul Değerler A.Ş.'s activities have been temporarily suspended beginning from 31 December 2009. In 2011, the licenses of the company have been cancelled. In the General Assembly held on 20 March 2012, it was resolved to liquidate the company. Since the company is in liquidation process, the Bank has lost control over its subsidiary and net investment value of Kalkınma Yatırım Menkul Değerler A.Ş. in liquidation has been classified as financial assets measured at fair value through other comprehensive income in the accompanying financial statements. The Bank has provided a provision for its entire capital share in its subsidiary Arıca A.Ş., which is in the process of liquidation.

The Bank has 100% participation in Kalkınma Yatırım Varlık Kiralama Anonim Şirketi established on 28 May 2020 with a nominal capital of TL 50, and in Kalkınma Girişim Sermayesi Portföy Yönetimi Anonim Şirketi established on 17 November 2020 with a nominal capital of TL 1.800 that was increased to TL 20.000 on 13 July 2023.

	Title	Address (City/Country)	Bank's share percentage-if different voting rate (%)	Bank's risk group share rate (%)
1	Kalkınma Yatırım Varlık Kiralama A.Ş.	İstanbul	100	100
2	Kalkınma Girişim Sermayesi Portföy Yönetimi A.Ş.	İstanbul	100	100

4.2.b) Financial statement information regarding subsidiaries in the order above:

(*)	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Securities Income	Current Period Profit/Loss	Prior Period Profit/Loss	Fair Value
1	467.391	400	1	-	70.336	306	18	-
2	25.856	17.407	1.558	-	-	(3.443)	8.508	-

(*)The financial information of Kalkınma Yatırım Varlık Kiralama A.Ş. and Kalkınma Girişim Sermayesi Portföy Yönetimi A.Ş. is provided from the unreviewed financial statements as of 30 September 2023. Prior period profit/loss amounts are provided from the unreviewed financial statements as of 30 September 2022.

4.2.c) Movement of subsidiaries:

	Current Period (30.09.2023)	Prior Period (31.12.2022)
Balance at the beginning of the period	4.050	3.050
Movements during the period	13.195	1.000
Additions	6.536	-
Bonus shares certificates	9.464	1.000
Shares in current year profit	-	-
Disposals	-	-
Revaluation increase	-	-
Provision for impairment (-) / Cancellation of provision	(2.805)	-
Balance at the end of the period	17.245	4.050
Capital commitments	-	-
Share percentage at the end of the period (%)	100	100

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes Related to Assets (Continued):

4. Information on equity investments (Continued):

4.2. Information on subsidiaries (Net) (Continued):

4.2.ç) Sectoral information about subsidiaries and their carrying amounts:

	Current Period (30.09.2023)	Prior Period (31.12.2022)
Banks	-	-
Insurance companies	-	-
Factoring companies	-	-
Leasing companies	-	-
Financing companies	-	-
Other financial subsidiaries	17.245	4.050

4.2.d) Subsidiaries quoted on the stock exchange:

None.

4.3. Information on jointly controlled entities (joint ventures):

The Bank has no joint ventures.

5. Positive differences table related to derivative financial instruments held for hedging purposes:

The Bank does not have derivative financial instruments held for hedging purposes.

6. Information on tangible assets:

Not prepared in compliance with the 25th article of the Communiqué about Financial Statements and Related Disclosures and Footnotes to be announced to Public by Banks in interim period.

7. Information on intangible assets:

Not prepared in compliance with the 25th article of the Communiqué about Financial Statements and Related Disclosures and Footnotes to be announced to Public by Banks in interim period.

8. Information on investment properties:

None.

9. Information on current tax assets:

None.

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes Related to Assets (Continued):

10. Information on deferred tax assets:

As of 30 September 2023, the Bank has a deferred tax asset of TL 255.264 (31 December 2022: TL 168.840). The deferred tax asset is calculated over the temporary differences formed by the assets and liabilities followed by the book value in the Bank's records and their tax base calculated in accordance with the tax legislation. In case the items that constitute the temporary differences are monitored among the equity items, the deferred tax asset/liability calculated over the said temporary differences are associated with the related equity items, and as of 30 September 2023, the Bank has no tax assets calculated over the period loss or tax deduction (31 December 2022: None).

	Current Period (30.09.2023)	Prior Period (31.12.2022)
Deferred Tax Assets		
Amortizations	1.758	-
Interest rediscounts	5.601	1.933
Employee benefits provisions	14.632	7.450
Securities portfolio internal yield-exchange rate difference	43.667	49.496
Personnel bonus premium provision	35.267	20.673
TFRS 9 Provision	256.457	152.374
TFRS 16 Leases	-	2
Other	882	634
Total Deferred Tax Assets	358.264	232.562
Deferred Tax Liabilities		
Amortizations	-	1.295
Securities portfolio - Financial	1.960	608
Securities portfolio - Non-financial	63.723	56.835
TFRS 16 Leases	62	-
Derivative financial assets	37.064	4.984
Other	191	-
Total Deferred Tax Liability	103.000	63.722
Net Deferred Tax Asset/(Liabilities)	255.264	168.840

11. Information on other assets:

	Current Period (30.09.2023)	Prior Period (31.12.2022)
Inventory	1.964	787
Prepaid expenses	183.464	146.828
Temporary account debtor	10.424	2.565
Sundry receivables	764	18.959
Total	196.616	169.139

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)

II. Explanations and Notes Related to Liabilities:

1. Information on maturity structure of deposits:

The Bank is not accepting deposits.

2. Information on funds borrowed:

2.a) Information on banks and other financial institutions:

	Current Period (30.09.2023)		Prior Period (31.12.2022)	
	TL	FC	TL	FC
From Central Bank of the Republic of Türkiye (*)	16.200.550	-	8.959.064	-
From domestic banks and institutions	5.233	4.547.731	-	3.712.821
From foreign banks, institutions and funds	-	65.416.632	-	50.667.843
Total	16.205.783	69.964.363	8.959.064	54.380.664

(*) The securities amounting to TL 28.670.253 (31 December 2022: TL 15.195.563) received from the loan customers to which the rediscount credits obtained from the Central Bank of the Republic of Turkey were disbursed were endorsed to the Central Bank of the Republic of Türkiye.

2.b) Maturity structure of funds borrowed:

	Current Period (30.09.2023)		Prior Period (31.12.2022)	
	TL	FC	TL	FC
Short-term	-	4.055.704	-	7.819.544
Medium and long-term	16.205.783	65.908.659	8.959.064	46.561.120
Total	16.205.783	69.964.363	8.959.064	54.380.664

2.c) Additional information for the areas of liability concentrations:

As the Bank is not authorized to accept deposits, liabilities are composed of funds obtained from domestic and international financial institutions, medium and long term loans, securities issued and subordinated debt instruments.

Most of the loans from international finance institutions are from World Bank, European Investment Bank, Council of Europe Development Bank, Islamic Development Bank, Black Sea Trade and Development Bank, German Development Bank, Asian Infrastructure Investment Bank, Japan Bank for International Cooperation and China Development Bank. Domestic loans originate from the Republic of Türkiye and Ministry of Treasury and Finance and Central Bank of the Republic of Türkiye.

3. Information on funds provided under repurchase agreements:

	Current Period (30.09.2023)		Prior Period (31.12.2022)	
	TL	FC	TL	FC
Payables to money market	273.500	-	-	-
Funds provided under repurchase agreements	3.576.464	-	2.960.566	-
Total	3.849.964	-	2.960.566	-

4. Information on securities issued (Net):

	Current Period (30.09.2023)		Prior Period (31.12.2022)	
	TL	FC	TL	FC
Bonds	-	2.910.532	-	2.018.433
Total	-	2.910.532	-	2.018.433

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)

II. Explanations and Notes Related to Liabilities (Continued):

5. Explanations on funds:

Of the TL 8.619.633 which was provided by the Bank (31 December 2022: TL 8.418.825), TL 305.573 is from the World Bank, TL 1.618 is from the European Fund, TL 22.166 is from the Ministry of Treasury and Finance and TL 8.290.276 consists of funds from borrowers and banks.

6. Explanations on financial liabilities at fair value through profit and loss:

None.

7. Negative differences table for derivative financial liabilities:

	Current Period (30.09.2023)		Prior Period (31.12.2022)	
	TL	FC	TL	FC
Forward transactions	-	-	-	-
Swap transactions	26.555	136	11.157	-
Futures transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	26.555	136	11.157	-

8. Information on factoring liabilities:

None.

9. Explanations on financial lease payables (Net):

	Current Period (30.09.2023)		Prior Period (31.12.2022)	
	Gross	Net	Gross	Net
Less than 1 year	8.192	6.641	12.168	9.751
1-4 years	12.936	10.954	12.842	10.036
More than 4 years	-	-	3.264	3.102
Total	21.128	17.595	28.274	22.889

10. Negative differences table related to derivative financial instruments held for hedging purposes:

The Bank does not have derivative financial instruments held for hedging purposes.

11. Explanations on Provisions:

11.a) Foreign exchange loss provisions on the foreign currency indexed loans and finance lease receivables:

There is no foreign exchange loss provisions on the foreign currency indexed loans and finance lease receivables (31 December 2022: None).

11.b) Expected loss provisions provided for unindemnified non-cash loans:

As of 30 September 2023, the first stage expected loss provision for non-compensated and non-cashed non-cash loans is TL 70.754 (31 December 2022: TL 49.544), third stage expected loss provision is TL 1 (31 December 2022: TL 1)

11.c) Other provisions:

- i) As of 30 September 2023, there are 127 lawsuits filed against the Bank, with a risk amount of TL 9.683 The Bank allocated TL 2.941 (31 December 2022: TL 2.405) lawsuit provision for the lawsuits that are thought to be or are considered to be concluded against.

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)

II. Explanations and Notes Related to Liabilities (Continued)

11. Explanations on Provisions (Continued):

11.c) Other provisions (Continued):

- ii) The Bank accounts provisions for employee benefits in accordance with the Turkish Accounting Standards No:19 and recognizes it in financial statements. As of 30 September 2023, the Bank allocated provision for severance pay amounting to TL 27.180 (31 December 2022: TL 20.042), for unused vacation accruals amounting to TL 21.594 (31 December 2022: TL 9.757) and within the scope of TAS 19, employee benefits provision amounting to TL 117.555 (31 December 2022: TL 82.692) has been reserved.

12.a) Information on current tax liability:

12.a-1) Information on tax provision:

	Current Period (30.09.2023)		Prior Period (31.12.2022)	
	TL	FC	TL	FC
Corporate Tax and Deferred Tax				
Corporate tax payable	893.690	-	260.197	-
Deferred tax liability	-	-	-	-
Total	893.690	-	260.197	-

12.a-2) Information on taxes payable:

	Current Period (30.09.2023)	Prior Period (31.12.2022)
Corporate tax payable	893.690	260.197
Taxation on income on marketable securities	8.256	3.475
Property tax	-	38
Banking insurance transaction tax (BITT)	17.915	9.057
Foreign exchange transaction tax	443	119
Value added tax payable	1.731	531
Other	14.370	8.336
Total	936.405	281.753

12.a-3) Information on premiums:

	Current Period (30.09.2023)	Prior Period (31.12.2022)
Social security premiums- Employee	3.604	1.726
Social security premiums- Employer	5.273	2.527
Bank social aid pension fund premium- Employee	-	-
Bank social aid pension fund premium- Employer	-	-
Pension fund membership fees and provisions- Employee	69	47
Pension fund membership fees and provisions- Employer	86	59
Unemployment insurance- Employee	257	123
Unemployment insurance- Employer	515	247
Other	52	39
Total	9.856	4.768

13. Information on deferred tax liabilities:

None.

14. Information on liabilities regarding assets held for sale and discontinued operations:

The Bank has no liabilities regarding fixed assets held for sale and discontinued operations.

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)

II. Explanations and Notes Related to Liabilities (Continued):

15. Information on subordinated debt instruments:

	Current Period (30.09.2023)		Prior Period (31.12.2022)	
	TL	FC	TL	FC
Debt instruments to be included in additional capital calculation	3.141.310	5.327.551	2.301.046	3.528.830
Subordinated loans	3.141.310	5.327.551	2.301.046	3.528.830
Subordinated debt instruments	-	-	-	-
Debt instruments to be included in contribution capital calculation	-	1.630.989	-	1.117.460
Subordinated loans	-	1.630.989	-	1.117.460
Subordinated debt instruments	-	-	-	-
Total	3.141.310	6.958.540	2.301.046	4.646.290

16. If other liabilities exceed 10 % of the balance sheet total, name and amount of sub-accounts constituting at least 20 % of grand total:

Other liabilities do not exceed 10% of the balance sheet total.

17. Information on shareholders' equity:

17.a) Presentation of paid-in capital:

	Current Period (30.09.2023)	Prior Period (31.12.2022)
Common stock	2.500.000	2.500.000
Preferred stock	-	-

17.b) Paid-in capital amount, explanation whether the registered share capital system is applicable for the Bank, if so, amount of registered capital ceiling:

Capital System	Paid in Capital	Ceiling
Registered capital	2.500.000	10.000.000

17.c) Information on share capital increases and their sources; other information on increased capital shares in current period:

There is no capital increase in the current period.

17.ç) Information on additions from capital reserves to capital in the current period:

There is no transfer from capital reserves to capital in the current period.

17.d) Capital commitments in the last fiscal year and that continue until the end of the following year-ended, general purpose of these commitments and projected resources required to meet these commitments:

The Bank has no capital commitments.

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)

II. Explanations and Notes Related to Liabilities (Continued):

17.e) Information on legal reserves:

	Current Period (30.09.2023)	Prior Period (31.12.2022)
I. Legal reserve	205.398	120.829
II. Legal reserve	14.471	14.471
Special reserves	-	-
Total	219.869	135.300

17.f) Information on extraordinary reserves:

	Current Period (30.09.2023)	Prior Period (31.12.2022)
Legal reserves that was allocated to be in compliance with the decisions made on the Annual General Assembly	3.695.073	2.088.274
Retained earnings	-	-
Accumulated losses	-	-
Foreign currency capital exchange difference	-	-
Total	3.695.073	2.088.274

17.g) Indicators of the Bank's income, profitability and liquidity for the prior periods and possible effects of these future assumptions based on the uncertainty of these indicators on the Bank's equity:

The Bank's prior year revenues, profitability and liquidity and projections in the future are followed by the relevant units. Considering the current conditions in the country's economy and the Bank's prior year performance; within the framework of forecasts regarding income, profitability and liquidity, it is estimated that there will be no significant problems in the upcoming period.

17.ğ) Summary information on preferred shares representing the capital:

The Bank has no preferred shares representing the capital.

17.h) Information on accumulated other comprehensive income or loss that will be reclassified to profit or loss:

	Current Period (30.09.2023)		Prior Period (31.12.2022)	
	TL	FC	TL	FC
From associates, subsidiaries and jointly controlled entities (joint ventures)	10.932	-	1.467	-
Valuation difference	170.174	(11.899)	175.060	(11.919)
Foreign exchange difference	-	-	-	-
Total	181.106	(11.899)	176.527	(11.919)

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)

III. Explanations and Notes Related to Off-Balance Sheet Accounts

1. Information on off-balance sheet liabilities:

1.a) Nature and amount of irrevocable loan commitments:

	Current Period (30.09.2023)	Prior Period (31.12.2022)
Forward asset purchase and sales commitments	53.639	533.977
Other irrevocable commitments	320.403	133.913
Total	374.042	667.890

1.b) Nature and amount of possible losses and commitments from the off-balance sheet items including the below mentioned:

As of 30 September 2023, the first stage expected loss provision for non-compensated and non-cashed non-cash loans is TL 70.754 (31 December 2022: TL 49.544), third stage expected loss provision is TL 1 (31 December 2022: TL 1).

1.b-1) Guarantees, confirmed bills and guarantees assessed as financial guarantees and non-cash loans including other letter of credits:

The Bank has guarantees given amounting to TL 568.517 (31 December 2022: TL 441.565). The Bank has no letters of credit (31 December 2022: TL 118.700) and bank loans as of the current period.

1.b-2) Definite guarantees, tentative guarantees, suretyships and similar transactions:

The total amount of the Bank's letters of guarantee is TL 3.390.171 (31 December 2022: TL 2.481.196). TL 1 of this amount (31 December 2022: TL 1) is a customs guarantee letter and TL 83.735 is performance guarantee letters.

1.c-1) Total non-cash loans:

	Current Period (30.09.2023)	Prior Period (31.12.2022)
Non-cash loans for providing cash loans	3.874.953	441.565
With original maturity of one year or less	-	-
With original maturity more than one year	3.874.953	441.565
Other non-cash loans	83.735	2.599.896
Total	3.958.688	3.041.461

2. Information on derivative financial instruments:

Derivative transactions of the Bank consists of currency swap purchasing and selling transactions. Swap transactions in foreign currency and their TL equivalents are shown in the table below as of 30 September 2023 and 31 December 2022.

	Current Period (30.09.2023)				Prior Period (31.12.2022)			
	Forward Purchase	Forward Sale	Swap Purchase	Swap Sale	Forward Purchase	Forward Sale	Swap Purchase	Swap Sale
TL	-	-	2.398.229	9.334.807	-	-	4.004.626	7.543.854
USD	-	-	8.344.192	2.460.780	-	-	7.161.779	3.405.293
EURO	-	-	1.031.601		-	-	1.473.318	1.679.383
Other	-	-	-	-	-	-	-	-
Total	-	-	11.774.022	11.795.587	-	-	12.639.723	12.628.530

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)

III. Explanations and Notes Related to Off-Balance Sheet Accounts (Continued):

3. Information on contingent liabilities and assets:

Istanbul Venture Capital Initiative (IVCI - A Luxemburg Investment Company Fund) is founded as a stock company having variable capital and subject to laws of Luxemburg. The Bank has committed to buy “Group A” shares equal to nominal value of EUR 10 million and to pay this amount at the date determined by Fund according to its investment plan. The Fund’s initial capital commitment was EUR 150 million and its capital was increased to EUR 160 million with new participants in March 2009. The Bank’s participation was approved by the Board of Directors of IVCI on 13 November 2007 and share purchase agreement was signed at of the same date.

As of the balance sheet date, the Bank has paid EUR 9.998.342 of the EUR 10 million commitment, while EUR 1.658 has not been paid yet.

The Bank has committed to invest TL 25.000 in the Development Participation Venture Capital Investment Fund, TL 15.000 in the Innovative and Advanced Technologies Venture Capital Investment Fund, USD 1,5 Million in the Development ODTÜ Teknokent Venture Capital Investment Fund of which the Bank’s subsidiary Development Venture Capital Portfolio Management Inc. is the founder and manager. It has been paid a capital share of TL 15.888 to Participation Venture Capital Investment Fund; TL 15.000 to the Innovative and Advanced Technologies Venture Capital Investment Fund; USD 1,5 million to the Development ODTÜ Teknokent Venture Capital Investment Fund and as of the balance sheet date, TL 9.112 of the total commitment to these funds has not been paid yet.

The Bank has committed to invest TL 430.000 in the TKYB Capital Fund, of which Türkiye Development Fund is the founder and Development Venture Capital Portfolio Management Inc. is the manager. It has been paid a capital share of TL 118.757 and as of the balance sheet date, TL 311.243 of the total commitment to the fund has not been paid yet.

4. Services supplied on behalf of others

The Bank does not act as an intermediary for purchases and sales of securities on behalf of others and provides custody services.

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)

IV. Explanations and Notes Related to Statement of Profit or Loss:

1.a) Information related to interest income on loans:

	Current Period (30.09.2023)		Prior Period (30.09.2022)	
	TL	FC	TL	FC
Interest on loans^(*)				
Short term loans	-	-	223	4.802
Medium and long term loans	1.164.214	3.554.907	514.949	1.491.414
Interest on non-performing loans	187.647	-	65.722	-
Premiums received from resource utilization support fund	-	-	-	-
Total	1.351.861	3.554.907	580.894	1.496.216

(*) Includes fees and commissions received from cash-loans.

1.b) Information related to interest income on banks:

	Current Period (30.09.2023)		Prior Period (30.09.2022)	
	TL	FC	TL	FC
From Central Bank of the Republic of Türkiye	-	-	-	-
From domestic banks	2.103.702	12.652	587.366	22.054
From foreign banks	-	2.799	-	231
From foreign head offices and branches	-	-	-	-
Total	2.103.702	15.451	587.366	22.285

1.c) Information related to interest income on marketable securities:

	Current Period (30.09.2023)		Prior Period (30.09.2022)	
	TL	FC	TL	FC
Financial assets measured at fair value through profit and loss	-	-	-	-
Financial assets measured at fair value through other comprehensive income	432.505	308.611	378.952	112.727
Financial assets measured at amortised cost	1.268.272	194.471	763.698	121.391
Total	1.700.777	503.082	1.142.650	234.118

1.ç) Information related to interest income from associates and subsidiaries:

None.

1.d) Information on interest income from money market transactions:

	Current Period (30.09.2023)		Prior Period (30.09.2022)	
	TL	FC	TL	FC
Money market transactions	1.321.786	787	318.714	-
Reverse repurchase agreements	2.526	-	532	-
Total	1.324.312	787	319.246	-

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)

IV. Explanations and Notes Related to Statement of Profit or Loss (Continued):

2.a) Information related to interest expense on borrowings:

	Current Period (30.09.2023)		Prior Period (30.09.2022)	
	TL	FC	TL	FC
Banks ^(*)	982.596	153.600	390.962	6.275
Central Bank of the Republic of Türkiye	982.596	-	390.962	-
Domestic banks	-	-	-	122
Foreign banks	-	153.600	-	6.153
Foreign head office and branches	-	-	-	-
Other Institutions ^(*)	840.547	2.781.502	626.161	918.443
Total	1.823.143	2.935.102	1.017.123	924.718

(*) Includes fees and commissions payable to cash-loans.

2.b) Information related to interest expenses to associates and subsidiaries:

None.

2.c) Information related to interest on securities issued:

	Current Period (30.09.2023)		Prior Period (30.09.2022)	
	TL	FC	TL	FC
Interests paid on securities issued	-	121.463	-	1.995

2.ç) Information related to interest on money market transactions:

	Current Period (30.09.2023)		Prior Period (30.09.2022)	
	TL	FC	TL	FC
Money market transactions	804	-	28	-
Repurchase agreements	295.152	-	195.586	-
Total	295.956	-	195.614	-

2.d) Leasing interest expenses:

	Current Period (30.09.2023)		Prior Period (30.09.2022)	
	TL	FC	TL	FC
Immovables	913	-	1.471	-
Movables	1.366	-	119	-
Total	2.279	-	1.590	-

3. Information related to dividend income:

	Current Period (30.09.2023)	Prior Period (30.09.2022)
Financial assets measured at fair value through profit or loss	6.071	23.746
Financial assets measured at fair value through other comprehensive income	3.278	3.475
Other	-	69
Total	9.349	27.290

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)

IV. Explanations and Notes Related to Statement of Profit or Loss (Continued):

4. Information related to trading income/loss:

	Current Period (30.09.2023)	Prior Period (30.09.2022)
Gain	6.066.571	1.698.182
Gains on capital market transactions	117.757	55.139
Gains on derivative financial transactions	3.889.336	1.447.764
Foreign exchange gains	2.059.478	195.279
Loss (-)	(6.199.466)	(1.680.153)
Losses from capital market transactions	(13.896)	(9.898)
Losses on derivative financial transactions	(2.040.169)	(1.141.071)
Foreign exchange losses	(4.145.401)	(529.184)

5. Information related to other operating income:

	Current Period (30.09.2023)	Prior Period (30.09.2022)
Income from sale of assets	70.219	18.799
Reversals from prior years' provisions	126.478	62.994
Other	16.751	32.131
Total	213.448	113.924

In general, the Bank's other operating income consists of cancellations of expected loss provisions, share depreciation provisions and provisions within the scope of TAS 19 set aside in previous years and income from sales of asset.

6. Bank's expected credit loss expenses and other provision expenses:

	Current Period (30.09.2023)	Prior Period (30.09.2022)
Expected credit loss provisions	311.821	363.015
12 month expected credit loss (Stage 1)	207.778	109.503
Significant increase in credit risk (Stage 2)	38.609	80.885
Non-performing Loans (Stage 3)	65.434	172.627
Marketable securities impairment expense	1.758	65.433
Financial assets measured at fair value through profit or loss	1.758	65.028
Financial assets measured at fair value through other comprehensive income	-	405
Subsidiaries, associates and joint ventures provision expenses for impairment	2.805	-
Associates	-	-
Subsidiaries	2.805	-
Joint ventures	-	-
Other provision expenses (*)	138.835	69.318
Total	455.219	497.766

(*) TL 20.743 of the other provision expenses consist of provision expenses for employee termination benefits and vacation liabilities (30 September 2022: TL 13.026), TL 117.555 consists of provision expenses within the scope of TAS 19 (30 September 2022: TL 56.067), while TL 537 consists of provision for litigation expenses (30 September 2022: TL 225).

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)

IV. Explanations and Notes Related to Statement of Profit or Loss (Continued):

7. Information related to other operating expenses:

	Current Period (30.09.2023)	Prior Period (30.09.2022)
Provision for employee termination benefits ^(*)	7.960	6.670
Provision expense for bank social aid fund deficits	-	-
Fixed assets impairment charges	-	-
Depreciation charges of fixed assets	15.450	7.786
Intangible assets impairment charges	-	-
Goodwill impairment charges	-	-
Amortization charges of intangible assets	5.469	3.862
Impairment charges on investments accounted for at equity method accounting	-	-
Impairment charges of assets that will be disposed	-	-
Amortization charges of assets that will be disposed	-	-
Impairment charges for non-current assets held for sale and discontinued operations	-	-
Other operating expenses	65.158	30.286
Leasing expenses related to TFRS 16 exceptions	142	88
Maintenance expenses	501	140
Advertisement expenses	57	68
Other expenses ^(**)	64.458	29.990
Loss on sale of assets	-	-
Other ^(***)	193.531	27.427
Total	287.568	76.031

^(*) Provision for employee termination benefits and short term employee benefits are shown in the Other Provision Expenses line in the statement of profit or loss.

^(**) Other expenses amounted to TL 2.659 from cleaning expenses (30 September 2022: TL 1.352), TL 8.775 from communication expenses (30 September 2022: TL 6.191), TL 15.021 from computer usage expenses (30 September 2022: TL 5.679), TL 1.448 from heating, lighting and water expenses (30 September 2022: TL 547), TL 16.015 from vehicle expenses (30 September 2022: TL 7.293), TL 1.248 from subscription fees (30 September 2022: TL 727), TL 8.241 from participation in common expenses (30 September 2022: TL 4.463), TL 3.368 from insurance expenses (30 September 2022: TL 1.305), TL 5.363 from sundry expenses (30 September 2022: TL 89) and TL 2.320 remaining portion (30 September 2022: TL 2.344) consists of other miscellaneous expenses.

^(***) TL 52.669 of the other is from taxes, duties, fees and fund expenses (30 September 2022: TL 15.023), TL 17.031 from audit and consultancy fees (30 September 2022: TL 6.498), TL 7.257 from BRSA participation share (30 September 2022: TL 4.211), TL 110.411 from extraordinary expenses (30 September 2022: None) and the remaining part amounting to TL 6.163 (30 September 2022: TL 1.695) consists of other miscellaneous expenses.

8. Information related to operating profit/loss before taxes:

The Bank's profit before tax from continuing operations in the interim accounting period ending on 30 September 2023 is TL 4.074.362 (30 September 2022: TL 1.584.727). Bank has no discontinued operations.

9. Information related to tax provisions for taxes:

In the interim period ended on 30 September 2023, the Bank's income tax provision from continuing operations amounting to TL 1.163.742 (30 September 2022: TL 423.288) consists of TL 1.263.294 of current tax charge (30 September 2022: TL 510.289) and TL 99.552 of deferred tax income effect (30 September 2022: TL 87.001).

10. Information related to net operating income after taxes:

The Bank has earned net profit of TL 2.910.620 from continuing operations between 1 January 2023-30 September 2023 (1 January 2022-30 September 2022: TL 1.161.439).

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)

IV. Explanations and Notes Related to Statement of Profit or Loss (Continued):

11. Information on net profit/loss:

11.a) The nature and amount of income and expenses from ordinary banking operations, if their nature, amount and frequency are required for the complete understanding of the performance of the Bank in the current period:

None.

11.b) The effect of the change in accounting estimates to the net profit/loss; including the effects to the future period, if any:

There are no changes in accounting estimates.

12. If the other items in the income statement exceed 10 % of the income statement total, sub-accounts amounting to at least 20 % of these items are presented below:

The total amount of other fees and commissions received in the profit or loss statement for the accounting period ending on 30 September 2023 is TL 40.187 (30 September 2022: TL 18.177). Of this amount, TL 16.080 (30 September 2022: TL 5.883) consists of investment banking service income and TL 9.727 (30 September 2022: TL 2.936) consists of CBRT investment advance commissions.

The total amount of other fees and commissions given in the statement of profit or loss for the accounting period ending on 30 September 2023 is TL 31.287 (30 September 2022: TL 16.077). Of this amount, TL 10.044 (30 September 2022: TL 4.853) consists of credit guarantee fund limit commissions, and TL 15.138 (30 September 2022: TL 6.924) consists of stock exchange transaction commissions.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.**Notes to the Unconsolidated Financial Statements as of 30 September 2023**

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION FIVE (Continued)**EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)****V. Explanations Related to Risk Group of the Bank:**

Predicted limitations determined in the Banking Law are maintained through internal regulations in the Bank which has no transactions related to deposit acceptance. For the transactions with risk groups, normal customer relationships and market conditions are taken into account. The Bank adopts policies that restrict the balance of transactions with risk groups in total assets and liabilities. Practices are carried out in accordance with this policy.

a) Current Period:

Risk Group	Subsidiaries, Associates and Jointly Controlled Entities (Joint Ventures)		Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans	-	-	-	-	-	-
Beginning Balance	3.859	-	-	-	-	-
Closing Balance (*)	3.859	-	-	-	-	-
Interest and Commissions Income	-	-	-	-	-	-

(*) TL 3.859 of loan disbursed to Arıcak A.Ş., a subsidiary of the Bank, has been followed in Group V. For this loan, TL 3.859 is set aside for the expected loss in the third stage.

b) Prior Period:

Risk Group	Subsidiaries, Associates and Jointly Controlled Entities (Joint Ventures)		Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans	-	-	-	-	-	-
Beginning Balance	3.834	-	-	-	-	-
Closing Balance (*)	3.859	-	-	-	-	-
Interest and Commissions Income	-	-	-	-	-	-

(*) TL 3.859 of loan disbursed to Arıcak A.Ş., a subsidiary of the Bank, has been followed in Group V. For this loan, TL 3.859 is set aside for the expected loss in the third stage.

c) Information on forward transactions, option contracts and similar other transactions between the Bank and its risk groups:

None.

d) Information on remuneration and benefits provided for the senior management of the Bank:

The total of benefits provided to the top management of the Bank is TL 29.275 (30 September 2022: TL 14.178).

SECTION SIX

OTHER EXPLANATIONS

I. Explanations on Auditor’s Review Report:

The Bank’s unconsolidated financial statements as of and for the period ended 30 September 2023 have been reviewed by KPMG Independent Audit and Free Accounting Public Accountant A.Ş. and the review report dated 26 October 2023 is presented at the beginning of the financial statements and related notes.

II. Explanations and Notes Related to Subsequent Events:

None.

SECTION SEVEN

INTERIM ACTIVITY REPORT

I. Chairman’s Assessment:

Despite the pressure on economic activity due to ongoing geopolitical risks, adverse weather conditions and global central banks maintaining their tight stance, global economic activity maintained its stable course in the second quarter of 2023. The recovery of supply chains disrupted due to the pandemic and the loosening of global financial conditions following the rapid elimination of the problems seen in the US and European banking sectors in March supported global growth.

The Turkish economy maintained its annual growth performance of 3,8 percent in the second quarter of 2023 and continued its uninterrupted growth for the last 12 quarters. Although some slowdown in economic activity is expected in the last quarter of the year, the economy is expected to grow in line with the targets.

While the assets of our Bank, which has made a strong contribution to Turkey’s sustainable development in every period, increased by 56,8 percent in the third quarter of 2023 compared to the same period of the previous year, our operating income increased by 122,5 percent. While the amount of our loans, which constitute 63,2 percent of our total assets, increased by 41,7 percent compared to the same period last year and reached TL 78,1 billion, our third quarter profit was realized as TL 1 billion. The capital adequacy ratio was 17,2 percent.

Our Bank, which has been continuing its development-oriented growth activities for nearly half a century in our country's 100-year history, will continue to support the growth and development of our country with all its efforts in the coming years.

Dr. Raci KAYA
Chairman of the Board

SECTION SEVEN (Continued)

INTERIM ACTIVITY REPORT (Continued)

II. CEO and Board Member's Assessment:

The global economy grew above expectations with 3,4 percent on an annual basis in the second quarter of 2023. The support from the service sector and strong consumption, led by tourism, were effective in keeping the global economic activity vibrant.

The Turkish economy, which quickly compensated for the negative effects of the earthquake, managed to grow above expectations with the contribution from consumption in the second quarter of the year. Leading data for the remainder of the year show that the positive course in economic activity continues.

When we look at our Bank's third quarter financial indicators; it is seen that our assets reached TL 123,6 billion and grew by 56,8 percent compared to the same period of the previous year and 34,9 percent by the end of 2022. While the amount of our loans reached TL 78,1 billion, our loan volume increased by 29,4 percent compared to the end of 2022 and 41,7 percent compared to the same period of the previous year. The ratio of gross non-performing loans to total loans, which is an important indicator of asset quality, decreased by 0,74 points compared to the same period last year and 0,36 points compared to the end of 2022, reaching 1,12 percent. Our net profit for the nine-month period was TL 2,9 billion.

Our Bank continues to increase cooperation opportunities with international financing institutions such as the World Bank, Asian Infrastructure Investment Bank, Japan Bank for International Cooperation, China Development Bank, Islamic Development Bank, European Investment Bank, German Development Bank, Council of Europe Development Bank, Black Sea Trade and Development Bank and French Development Bank in line with sustainable and inclusive development goals. In this context, loan agreements were signed with international financial institutions for the financing of renewable energy and environmental investments, financing of SMEs, protection of employment and creation of additional employment. 40 percent of the loans our Bank has obtained from Development Finance Institutions since its establishment were provided between 2019-2023. In September 2022, our Bank issued its first Sustainable Eurobond worth EUR 100 million, in which the French Development Agency (AFD) is an investor. Within the scope of the signed agreements, a resource inflow of EUR 101,5 million and USD 136,7 million were provided in the January-September 2023 period.

In 2023, a "Climate Finance" loan of EUR 100 million and a grant of EUR 10 million were provided from KfW, and a loan was provided from the Black Sea Trade and Development Bank for the financing of SMEs in the earthquake zone. Studies are continuing on financing solar energy projects and emission reduction projects with the World Bank, financing food sector projects in the earthquake zone with the Islamic Development Bank, SME financing with the OPEC International Fund and international trade financing with ITFC, and financing renewable energy and energy efficiency projects with JBIC. In addition, our Bank continues its efforts to develop international banking and development finance activities.

We continue our activities very actively in the field of investment banking. During the nine months of the year, we successfully completed the public offering of the Big Chefs restaurant chain worth TL 832,5 million. In addition, we mediated the sukuk issuance of companies such as Tarfin, Altınmarka and Biotrend, amounting to TL 320 million in total. In September, we successfully completed the issuance of 6-month sukuk with a maturity of TL 400 million, including TL 250 million in CarrefourSA to ensure food safety and sustainability of the supply chain, and TL 150 million in Agricultural Credit Supply in order to support the sustainable growth of the agricultural sector.

I would like to state that we won the "Highest Issuance" award in Share Issuance Intermediation within the scope of the "8th TSPB Golden Bull Awards", the most prestigious award of the capital markets, organized by the Turkish Capital Markets Association and we were deemed worthy of the first prize in the Best Sukuk Issuer and Best Green Project Financing categories of the International Finance Awards 2023 organized by International Finance in the international arena in 2023 within the scope of our work in the field of investment banking.

SECTION SEVEN (Continued)

INTERIM ACTIVITY REPORT (Continued)

II. CEO and Board Member's Assessment (Continued):

This year, we made the first investment of our Regional Development Fund, managed under the umbrella of the Türkiye Development Fund, in Appsilon Enterprise, which produces diamonds in a laboratory environment. We continued on our way by making our first three investments in the cyber security company DefensX, Syntonym, which offers visual data anonymization solutions, and Clay Token, which develops online games, with our Invest101 Fund, which was established together with ODTÜ Teknokent in the last quarter of 2022 and targets early stage startups. We made investments in Beam Technology, which operates in the field of cyber security and Simularge, which offers industrial digital solutions, through the Innovative and Advanced Technologies Participation VCIF, which we established to invest in companies that both operate in the defense industry, which has critical importance for our country, and strive for the use of these technologies in civilian areas. Türkiye Development Fund continued to make significant contributions to Turkish venture capital with the investments made in Wask, which operates in the field of digital marketing, through our Technology and Innovation Fund, and in Fazla, which carries out its activities in the field of holistic resource management through our TKYB Capital Fund. The third quarter was an extremely important period for the Türkiye Development Fund. This period included capital investment in game developer Veloxia through ODTÜ Teknokent VCIF, SAFE investment in artificial intelligence-supported clinical verification platform Gesundai and convertible debt investment from Regional Development Fund to Zaxe, which produces three-dimensional printers and from Technology and Innovation Fund to Virasoft, which serves in the digital pathology sector. We feel more and more importance of our fund's existence in Türkiye's development.

The Risk Sharing Mechanism (RPM) project, created for the development of our country's geothermal resources, financed by a grant from the Clean Technology Fund (CTF) through the World Bank, is carried out by our Bank. From the completed projects, we provided a total of USD 5 million of grant support to beneficiaries in the geothermal resources sector. With this project, our Bank continues to support the growth of our country's geothermal resources.

Continuing its sustainability and environment-oriented efforts in its development and investment banking activities, our Bank's direct and indirect contribution to the United Nations Sustainable Development Goals has reached approximately 80 percent as of today. With the technical support provided by the German Development Bank (KfW), we started working to further strengthen our Environmental and Social Risk Assessment practices in line with international standards. As a result of our activities in the field of sustainability, we were entitled to receive the "Outstanding Leadership in Sustainable Finance by a Multilateral Institution in Central & Eastern Europe" award at the Sustainable Finance Awards 2023 organized by Global Finance Magazine. In the third quarter of the year, we were deemed worthy of different awards in the national and international arena. At the Global Sustainable Finance Awards 2023 organized by the European Organization for Sustainable Development (EOSD); we were deemed worthy of an award in the "Green Technological Transformation" category with our good practices focused on sustainability and inclusive development in the green transformation process, contributing to Turkey's fight against climate change. With these awards crowning our achievements, our Bank proves once again that it keeps sustainability at its main focus in its activities.

Our Corporate Governance Rating, announced by SAHA Corporate Governance and Credit Rating Services, which makes ratings in accordance with the Capital Markets Board (CMB) Corporate Governance Principles in Turkey, has increased compared to the previous year and has been determined as 9,40. With the rating we have made for the second time this year, our Bank has shown that it has significantly complied with the CMB Corporate Governance Principles and maintains the necessary policies and measures at world standards. Our Bank was also awarded "Gold Winner Worldwide" in the Banks category and "Regional Special Achievement (Silver)" in the Best Report Cover category with its 2022 annual report by the San-Diego-based LACP (League of American Communications Professionals), one of the world's most reputable public relations platforms.

SECTION SEVEN (Continued)

INTERIM ACTIVITY REPORT (Continued)

II. CEO and Board Member’s Assessment (Continued):

Our Bank, which has been continuing its activities to contribute to Turkey’s development goals for nearly half a century in the 100th anniversary of our Republic, will support investors and investments in line with our country’s goals and plans in the second century.

İbrahim H. ÖZTOP
CEO and Board Member

SECTION SEVEN (Continued)

INTERIM ACTIVITY REPORT (Continued)

III. Summary Financial Information and Ratios:

Balance Sheet (Thousand TL)	Current Period (30.09.2023)	Prior Period (31.12.2022)
Total Assets	123.605.803	91.598.152
Financial Assets	34.517.581	24.342.943
Loans	78.108.514	60.340.295
Lease Receivables	207	1
Other Financial Assets Measured at Amortised Cost	11.684.517	7.562.223
Expected Loss Provisions (-)	1.255.782	1.109.620
Loans Obtained-Funds	94.789.779	71.758.553
Money Market Debts -Securities Issued	6.760.496	4.978.999
Subordinated Debt Instruments	10.099.850	6.947.336
Equity (Including Profit)	9.758.601	6.843.382

Profit / Loss (Thousand TL)	Current Period (30.09.2023)	Prior Period (30.09.2022)
Interest Income (Net)	4.956.227	2.106.795
Non-Interest Income/Expense (Net)	(881.865)	(522.068)
Tax Provision (-)	1.163.742	423.288
Net Profit / Loss	2.910.620	1.161.439

Ratios (%)	Current Period (30.09.2023)	Prior Period (31.12.2022)
Total Loans / Total Assets	63,2	65,9
Loans Under Follow-Up / Total Loans	1,1	1,5
Equity / Total Assets	7,9	7,5
Loans Obtained / Total Liabilities	69,7	69,1
Capital Adequacy Ratio	17,2	16,7

IV. Bank Management:

1. Board of Directors and Bank Top Management:

Members of the Board of Directors and the Bank's Top Management are indicated on the second page in the general information section.

2. Authority Limits of the Chairman and Members of the Board of Directors:

The duties and responsibilities of the members of the Board of Directors of the Bank are determined by the Law No. 7147 on Türkiye Kalkınma ve Yatırım Bankası A.Ş. and the Bank's Articles of Association.

The main task of the Board of Directors of the Bank is to ensure the realization of the objectives set by the Law within the framework of General Assembly resolutions and related legislation, development plan and annual programs. In the July-September 2023 period, the Board of Directors held 5 meetings and made 57 decisions.

3. Audit Committee (*):

Name Surname	Duty
Erdal ERDEM	Chairman of the Audit Committee
Zeynep BOĞA	Deputy Chairman of the Audit Committee
Kerem DÖNMEZ	Audit Committee Member
Ömer KARADEMİR	Audit Committee Member

(*)Audit Committee Members were determined at our Bank's Board of Directors Meeting held on 10 August 2023.

In the July- September 2023 period, the Audit Committee held 4 meetings and took 11 decisions.

SECTION SEVEN (Continued)

INTERIM ACTIVITY REPORT (Continued)

IV. Bank Management (Continued):

4. Corporate Governance Committee:

Name Surname	Duty
Kerem DÖNMEZ	Chairman of Corporate Governance Committee
Zekeriya ÇOŞTU	Deputy Chairman of the Corporate Governance Committee
Metin YILMAZ	Corporate Governance Committee Member

(*) Members of the Corporate Governance Committee were determined at our Bank's Board of Directors Meeting held on 10 August 2023.

5. Pricing Committee:

Name Surname	Duty
Zeynep BOĞA	Chairman of the Pricing Committee
Erdal ERDEM	Pricing Committee Member

(*) Pricing Committee Members were determined at our Bank's Board of Directors Meeting held on 10 August 2023.

The Remuneration Committee did not meet in the July-September 2023 period.

6. Units Under Internal Systems:

Name Surname	Duty
Dr. Kaan Ramazan ÇAKALI	Head of the Inspection Board
Dr. Semra PEKKAYA	Head of Risk Management Department
Burhan Serhan PEKER	Head of Internal Control and Compliance Department

V. Capital and Shareholder Structure:

Shareholders	Current Capital Share (TL)	%
Republic of Türkiye Ministry of Treasury and Finance	2.477.038.263,26	99,08
Other (*)	22.961.736,74	0,92
Total	2.500.000.000,00	100

(*) It covers all natural and legal entities, and the number of partners is unknown since the shares of these partners are traded on Borsa Istanbul.

VI. Activities of the Bank's III. Term in 2023:

Financing Activities and Relations with Financial Institutions:

In addition to the loan of USD 200 million provided by the agreement dated 10 December 2019 for the financing of renewable energy and energy efficiency projects from the Asian Infrastructure Investment Bank (AIIB), an Additional Financing agreement of USD 100 million was signed on 8 November 2021. The completion report of the loans is being prepared.

A completion report is being prepared for the COVID-19 financing facility, amounting to USD 300 million, provided from the Asian Infrastructure Investment Bank (AIIB) under the agreement dated 17 August 2020.

The loan agreement from the World Bank (WB) in the amount of EUR 316 for the financing of sub-projects of companies with high employment creation potential for the purpose of creating registered employment was signed on 1 June 2020, and the grant agreement in the amount of EUR 75,9 million was signed on 22 February 2021. As of 30 September 2023, a loan amounting to EUR 205,5 million and a grant amounting to EUR 6,7 million has been transferred to our Bank's accounts.

The loan agreement for the provision of an Emergency Firm Support Loan amounting to USD 250 million from the World Bank (WB) was signed on 9 September 2020. The loan will be used to finance SMEs affected by the pandemic. As of 30 September 2023, a loan amounting to USD 120 million has been transferred to our Bank's accounts.

SECTION SEVEN (Continued)

INTERIM ACTIVITY REPORT (Continued)

VI. Activities of the Bank's III. Term in 2023 (Continued):

Financing Activities and Relations with Financial Institutions (Continued):

The loan agreement with the China Development Bank (CDB) to provide financing of USD 200 million was signed on 28 December 2021. The first tranche of the loan, amounting to USD 133,3 million, was transferred to our Bank's accounts on 30 September 2023.

The loan agreement on obtaining USD 170 million GREEN III titled energy and efficiency loan from Japan Bank for International Cooperation (JBIC) was signed on 29 March 2021. As of 30 September 2023, a loan amounting to USD 146 million has been transferred to our Bank's accounts.

A loan agreement with the World Bank (WB) in the amount of USD 150 million for use in financing geothermal energy projects was signed on 21 December 2021. The loan was made effective on 17 June 2022. Studies continues on the determination of suitable projects.

Negotiations have started with the World Bank for financing solar energy projects (Distributed Solar PV) and projects aimed at reducing carbon emission.

The agreement for EUR 5 million SME loan from the Black Sea Trade and Development Bank (BSTDB) was signed on 14 September 2023.

Loan negotiations for an amount of USD 100 million from the Islamic Development Bank (IDB) have started to be used in the financing of food safety investments and overcoming effects of earthquake. Along with the IKB financing, efforts are underway to provide a loan of USD 60 million and EUR 40 million from the ITFC for the financing of international trade, and USD 50 million from the OPEC International Development Fund (OFID) for SME financing. The agreements are planned to be signed in the last quarter of 2023.

International Rating Agency Fitch Ratings changed our Bank's rating to B and outlook to "Stable" on 22 September 2023.

The agreement regarding the Sustainable Eurobond, of which the French Development Agency (AFD) is the investor, was signed on 20 September 2022 and the total issuance amount of EUR 100 million was transferred to our Bank's accounts on 23 September 2022. At least 75% of the fund to be obtained from the 11-year Eurobond issuance will be allocated for the financing of green projects that contribute to the fight against climate change in Türkiye, while the remainder will be directed to social projects. Loan disbursement efforts are continuing.

Project Activities, Consultancy and Technical Assistance Services

The Risk Sharing Mechanism (RPM) project created for the development of our country's geothermal resources, financed by a grant from the Clean Technology Fund (CTF) through the World Bank (WB), is carried out by our Bank. Within the framework of the project, it is aimed to partially cover the costs of the wells that geothermal investors will drill for resource exploration fail.

The second and third round implementation studies of the RPM project are continuing. Contracts have been signed with 2 of the projects shortlisted for the second round, and field preparation work for drilling continues. Contract preparation work for other projects continues.

With the approval of the World Bank, it has been decided to open the third round of RPM application applications. The third round of implementation in question was initiated with the Consultation Workshop held online on 11 April 2023. Following the workshop, Expression of Interest (EoI) applications were received. 31 applications were made to the Expression of Interest application process, which lasted until 12 May 2023, and as a result of the evaluation, a total of 16 geothermal exploration projects from 8 different investors were shortlisted.

SECTION SEVEN (Continued)

INTERIM ACTIVITY REPORT (Continued)

VI. Activities of the Bank's III. Term in 2023 (Continued):

Project Activities, Consultancy and Technical Assistance Services (Continued):

The full application processes of the shortlisted project investors have been completed and as a result of the evaluation, a total of 13 projects were scored 70 points or above and were entitled to be included in the RPM third round application program. Within the scope of RPM third round projects, the first negotiation meetings for 3 projects have been held, and preparations for contract requirements and environmental social management plans are continuing.

In addition, we attended the meetings regarding the Hydrogen Valley projects within the scope of the EU Horizon Europe Program and the invitation of the Tübitak EU Framework Programs Directorate, in order to have our Bank as a partner in the newly opened project calls. As a result of the online meetings held with the project coordinator company and Tübitak, our Bank participated as a partner in a project application prepared for the Hydrogen Valley call opened in 2023. The relevant project application was made on 18 April 2023, and our Bank informed the project coordinator that within the scope of the project, it will provide consultancy in feasibility studies, consultancy on access to financial resources and investors, and support the creation of the relevant legal framework in order to determine the methodologies to be created to reduce the financial risks of hydrogen investments in our country. Representatives of our Bank's Engineering, Sectoral Research and Merger Acquisition Units attended the Hydrogen Ecosystem Cooperation meeting held at Tübitak Gebze campus on 14 June 2023. The project application in question was not selected among the projects to be funded in the relevant period, and the project coordinator has notified that a re-evaluation will be made for the calls to be opened in the new period.

The Registered Employment Creation Project (Kayist), conducted by our Bank together with the World Bank, aims to improve the formal employment creation conditions of companies operating in 24 provinces with a high percentage of Syrians under Temporary Protection, for the benefit of Turkish citizens and refugees. Project provinces are Istanbul, Gaziantep, Hatay, Şanlıurfa, Adana, Mersin, Bursa, İzmir, Kilis, Konya, Ankara, Kahramanmaraş, Mardin, Kayseri, Kocaeli, Osmaniye, Diyarbakır, Malatya, Adıyaman, Batman, Sakarya, Manisa, Tekirdağ and Denizli. The first component of the project, the loan, is EUR 316 million, and the second component, the European Union FRIT-II Fund Funded Grant, is EUR 75,9 million. It is aimed to increase the impact and success of the loan and grant components with the training and capacity building activities to be provided with the Technical Assistance Component of the project. The loan and grant agreements provided within the scope of the Project have entered into force and the Project is in the implementation period.

The project proposal call for the European Union FRIT-II Fund Sourced Registered Employment Creation Project (Kayist) Grant Program was announced on 17 December 2022 with a budget of EUR 70 million; project applications were received until 14 March 2022, the deadline for the project proposal call and process has been completed. In the grant program application evaluation phase, the "Administrative and Compliance Check" process and the "Technical and Financial Evaluation" process have been completed. The evaluation process of grant applications continues with the "Environmental and Social Assessment" phase. It is planned to sign contracts with applicants who are eligible to receive grants in the fourth quarter of 2023.

The Protocol between our Bank and the Presidency Strategy and Budget Directorate, COMCEC and the General Directorate of International Development Cooperation (COMCEC Coordination Office), within the scope of the ongoing cooperation since 2014 regarding the execution of COMCEC Project Financing Programs, was signed on 3 March 2023.

As of 31 December 2022, a fund transfer of TL 12.6 million was made to a total of 28 projects. In the final project list for 2023, a total of 23 projects were entitled to be supported under 2 programs. The signature process has been completed with 21 of the beneficiary institutions and the implementation period of the projects continues.

SECTION SEVEN (Continued)

INTERIM ACTIVITY REPORT (Continued)

VI. Activities of the Bank's III. Term in 2023 (Continued):

Project Activities, Consultancy and Technical Assistance Services (Continued):

Crediting Activities

In the period of July-September 2023, loan applications of TL 1.500 million, EUR 153 million and USD 199 million from 36 companies were accepted to our Corporate Banking and Project Finance Department, with a total value of TL 11.411 million. 55% (TL 6.269 million) of these applications belong to the manufacturing industry, 44% (TL 4.979 million) to the energy sector and 1% (TL 163 million) to the service sector.

In the period of July-September 2023, 27 companies were provided with cash loans amounting to TL 2.895 million, EUR 24 million and USD 64 million, with a total value of TL 5.311 million as of the loan disbursement dates. 69% (TL 3.692 million) of these applications belong to the manufacturing industry, 19% (TL 984 million) to financial institutions, 10% (TL 510 million) to the energy sector and 2% (TL 125 million) to the construction sector.

In the period of July-September 2023, non-cash loans amounting to 3.623 thousand TL were provided to 2 companies. All non-cash loans provided belong to the energy sector.

VII. Corporate Governance Principles Compliance Report:

Türkiye Kalkınma ve Yatırım Bankası A.Ş. continues its operations in accordance with the Law No. 7147 which regulates the establishment of the Bank, the Banking Law and other legal regulations to which the Bank is subject. Compulsory ones of the Corporate Governance Principles published by the Capital Markets Board are complied with, and maximum efforts are made to comply with non-compulsory principles.

Corporate Governance Compliance Reporting, prepared in accordance with the Corporate Governance Communiqué numbered II-17.1 in accordance with the Capital Markets Board's decision dated 10 January 2019 and numbered 2/49, is made over the KAP Platform using the Corporate Governance Compliance Report (URF) and Corporate Governance Information Form (KYBF) templates.

Our Bank's Corporate Governance Information Form for 2022 and Corporate Governance Compliance Report were announced on the Public Disclosure Platform on 27 February 2023. Related reports can be accessed at <https://www.kap.org.tr/tr/sirket-bilgileri/ozet/2426-turkiye-kalkinma-ve-yatirim-bankasi-a-s>.

SECTION SEVEN (Continued)

INTERIM ACTIVITY REPORT (Continued)

VII. Corporate Governance Principles Compliance Report (Continued):

1. Shareholder Relations Unit:

Shareholder relations function is carried out by the Treasury and Capital Markets Operations Unit, and Subsidiaries and Corporate Relations Unit.

In the July-September 2023 period, 2 information requests were answered within the scope of the Shareholders' Use of their Right to Obtain Information.

2. Capital Increase and General Assembly Information:

The Bank's Ordinary General Assembly meeting for 2022 was held on 4 August 2023 at 10:00, Saray Mah. Dr. Adnan Büyükdeniz Cad. B Blok Apt. No:10 Ümraniye/İSTANBUL under the supervision of the Ministry representative. The call-including the agenda for the meeting; as stipulated in the Law and Articles of Association was made in due time, on 10 July 2023, on the Public Disclosure Platform, in the Electronic General Assembly System of the Central Registry Agency, on the official website of the Bank www.kalkinma.com.tr, in the Trade Registry Gazette dated 12 July 2023 and numbered 10869. From the inspection of the list of attendees, out of 250.000.000.000 shares corresponding to the Bank's total capital of TL 2.500.000.000,00; 247.703.826.326,2 shares corresponding a capital of TL 2.477.038.263,262 were per procurationem; 460.015,6 shares corresponding a capital of TL 4.600,156 were present at the meeting in person and thus, the minimum meeting quorum stipulated in both the Law and the Articles of Association was found.

The minutes of the General Assembly Meeting and the list of attendees can also be accessed from the website of the Public Disclosure Platform (KAP) (www.kap.gov.tr) and the Bank's website (www.kalkinma.com.tr).

3. Company Disclosure Policy:

The Bank's Disclosure Policy, prepared by the Bank's Corporate Governance Committee and submitted to the Board of Directors, was approved on 29 April 2009 and is available on the Bank's website as of 1 May 2009. Monitoring, supervision and development of the implementation of the Disclosure Policy is under the authority and responsibility of the Bank's Board of Directors and is carried out on behalf of the Bank's Board of Directors under the supervision of the Corporate Governance Committee. In addition to the rules determined by the applicable legislation, the Bank has also adopted the principle of informing the public on matters that are in line with its mission and do not bear the nature of trade secrets.

In July - September 2023 period:

Within the scope of the Regulation on the Principles and Procedures Regarding the Right to Information Law No. 4982 and its Implementation, 1 application was answered in the Information Unit.

Within the framework of the Prime Ministry Circular No. 2006/3 published in the Official Gazette dated 20 May 2006 and numbered 26055, no applications has been made from the Presidential Communication Center (CİMER) directly from the Presidential system for the period July - September 2023.

4. Special Condition Disclosures:

Notifications are made in a timely manner in cases that require special case disclosure. In the period of July-September 2023, 10 special case announcements were made on the Public Disclosure Platform. No additional explanation requests were made by the CMB and Borsa İstanbul regarding the announcements made.