

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Unconsolidated Financial Statements
As of and For the Six-Month Period Ended 30 June 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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Convenience Translation of the Independent Auditor's Review Report Originally
Prepared and Issued in Turkish to English (See Note I in Section Three)

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 at 30 June 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 six-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 these interim financial statements 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 do not present fairly in all material respects, the financial position of Türkiye Kalkınma ve Yatırım Bankası A.Ş. as at 30 June 2023, and its unconsolidated financial performance and its cash flows for the six-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, are not consistent with the reviewed unconsolidated interim financial statements and disclosures in all material respects.

Additional paragraph for convenience translation to English

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

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

Orhan Akova, SMMM
Partner

28 July 2023
İstanbul, Türkiye

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

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The unconsolidated financial report for six 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 the 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 six 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

Dr. Turgay GEÇER
Chairman of Audit
Committee

Erdal ERDEM
Deputy Chairman of
Audit Committee

Ömer KARADEMİR
Member of Audit
Committee

Nuri Yasin KÜLAHÇI
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 cannot 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
Dr. Turgay GEÇER	Board Member	27.05.2019	Doctorate	31
Erdal ERDEM	Board Member	10.07.2020	Bachelor's Degree	27
Onur GÖK	Board Member	21.06.2022	Master's Degree	12

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 and Board of Directors Office Services 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	34
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, Financial Institutions, Development Finance 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	32
Muzaffer Gökhan SONGÜL	EVP / Loan Allocation, Loan Monitoring	05.09.2022	Master's Degree	19
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 a change made on 10 July 2023, Development Finance Institutions and Financial Institutions Units were combined 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.

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.

SECTION ONE (Continued)

GENERAL INFORMATION (Continued)

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.

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 June 2023
(Thousands of Turkish Lira (TL) unless otherwise stated)

I. BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)	Notes (Section Five I)	Reviewed Current Period 30 June 2023			Audited Prior Period 31 December 2022		
		TL	FC	TOTAL	TL	FC	TOTAL
ASSETS							
I. FINANCIAL ASSETS (NET)	(1)	20.928.399	9.100.776	30.029.175	18.032.182	6.310.761	24.342.943
1.1 Cash and Cash Equivalents		17.750.026	1.775.728	19.525.754	14.388.882	986.195	15.375.077
1.1.1 Cash and Balances with Central Bank		1.873	-	1.873	835	-	835
1.1.2 Banks		9.889.716	1.775.728	11.665.444	7.771.783	986.195	8.757.978
1.1.3 Money Markets		7.881.842	-	7.881.842	6.634.417	-	6.634.417
1.1.4 Expected Loss Provision (-)		(23.405)	-	(23.405)	(18.153)	-	(18.153)
1.2 Financial Assets Measured at Fair Value Through Profit or Loss		220.976	220.452	441.428	132.363	157.466	289.829
1.2.1 Government Securities		-	-	-	-	-	-
1.2.2 Equity Securities		220.976	220.452	441.428	132.363	157.466	289.829
1.2.3 Other Financial Assets		-	-	-	-	-	-
1.3 Financial Assets Measured at Fair Value Through Other Comprehensive Income		1.695.805	7.101.205	8.797.010	3.479.843	5.167.100	8.646.943
1.3.1 Government Securities		993.948	4.577.571	5.571.519	2.346.094	3.580.286	5.926.380
1.3.2 Equity Securities		17.811	-	17.811	17.174	-	17.174
1.3.3 Other Financial Assets		684.046	2.523.634	3.207.680	1.116.575	1.586.814	2.703.389
1.4 Derivative Financial Assets		1.261.592	3.391	1.264.983	31.094	-	31.094
1.4.1 Derivative Financial Assets Measured at Fair Value Through Profit or Loss		1.261.592	3.391	1.264.983	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)	18.092.188	73.465.315	91.557.503	12.915.909	53.876.990	66.792.899
2.1 Loans		14.684.217	68.058.090	82.742.307	10.460.592	49.879.703	60.340.295
2.2 Lease Receivables		67	-	67	1	-	1
2.3 Factoring Receivables		-	-	-	-	-	-
2.4 Other Financial Assets Measured at Amortised Cost		4.641.964	5.407.225	10.049.189	3.564.936	3.997.287	7.562.223
2.4.1 Government Securities		4.641.964	5.407.225	10.049.189	3.564.936	3.997.287	7.562.223
2.4.2 Other Financial Assets		-	-	-	-	-	-
2.5 Expected Loss Provision (-)		(1.234.060)	-	(1.234.060)	(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)	30.636	-	30.636	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)		20.050	-	20.050	4.050	-	4.050
4.2.1 Unconsolidated Financial Subsidiaries		20.050	-	20.050	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)	47.038	-	47.038	88.099	-	88.099
VI. INTANGIBLE ASSETS (Net)	(7)	21.998	-	21.998	21.596	-	21.596
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		21.998	-	21.998	21.596	-	21.596
VII. INVESTMENT PROPERTY (Net)	(8)	-	-	-	-	-	-
VIII. CURRENT TAX ASSET	(9)	-	-	-	-	-	-
IX. DEFERRED TAX ASSET	(10)	23.669	-	23.669	168.840	-	168.840
X. OTHER ASSETS	(11)	53.662	132.608	186.270	50.761	118.378	169.139
TOTAL ASSETS		39.197.590	82.698.699	121.896.289	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 June 2023
(Thousands of Turkish Lira (TL) unless otherwise stated)

I. BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)	Notes (Section Five II)	Reviewed Current Period 30 June 2023			Audited Prior Period 31 December 2022		
		TL	FC	TOTAL	TL	FC	TOTAL
LIABILITIES							
I. DEPOSITS	(1)	-	-	-	-	-	-
II. FUNDS BORROWED	(2)	13.375.146	77.730.328	91.105.474	8.959.064	54.380.664	63.339.728
III. MONEY MARKET FUNDS	(3)	2.631.264	-	2.631.264	2.960.566	-	2.960.566
IV. SECURITIES ISSUED (Net)	(4)	-	2.839.037	2.839.037	-	2.018.433	2.018.433
4.1 Bills		-	-	-	-	-	-
4.2 Asset Backed Securities		-	-	-	-	-	-
4.3 Bonds		-	2.839.037	2.839.037	-	2.018.433	2.018.433
V. FUNDS	(5)	3.133.386	2.555.466	5.688.852	6.158.015	2.260.810	8.418.825
5.1 Borrower Funds		488.259	1.795.661	2.283.920	1.626.575	1.425.057	3.051.632
5.2 Other		2.645.127	759.805	3.404.932	4.531.440	835.753	5.367.193
VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	(6)	-	-	-	-	-	-
VII. DERIVATIVE FINANCIAL LIABILITIES	(7)	310.994	575	311.569	11.157	-	11.157
7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss		310.994	575	311.569	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)	20.968	-	20.968	22.889	-	22.889
X. PROVISIONS	(11)	234.765	-	234.765	164.441	-	164.441
10.1 Restructuring Provisions		-	-	-	-	-	-
10.2 Reserve for Employee Benefits		160.153	-	160.153	112.491	-	112.491
10.3 Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4 Other Provisions		74.612	-	74.612	51.950	-	51.950
XI. CURRENT TAX LIABILITY	(12)	193.450	-	193.450	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)	2.759.642	6.624.787	9.384.429	2.301.046	4.646.290	6.947.336
14.1 Loans		2.759.642	6.624.787	9.384.429	2.301.046	4.646.290	6.947.336
14.2 Other Debt Instruments		-	-	-	-	-	-
XV. OTHER LIABILITIES	(16)	429.971	427.413	857.384	268.330	316.544	584.874
XVI. SHAREHOLDERS' EQUITY	(17)	8.678.585	(49.488)	8.629.097	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		88.609	(49.488)	39.121	176.527	(11.919)	164.608
16.5 Profit Reserves		2.277.800	-	2.277.800	2.277.800	-	2.277.800
16.5.1 Legal Reserves		135.300	-	135.300	135.300	-	135.300
16.5.2 Status Reserves		-	-	-	-	-	-
16.5.3 Extraordinary Reserves		2.088.274	-	2.088.274	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)		3.602.570	-	3.602.570	1.691.368	-	1.691.368
16.6.1 Prior Periods' Profit or (Loss)		1.691.368	-	1.691.368	-	-	-
16.6.2 Current Period Profit or (Loss)		1.911.202	-	1.911.202	1.691.368	-	1.691.368
TOTAL LIABILITIES		31.768.171	90.128.118	121.896.289	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 as of 30 June 2023
(Thousands of Turkish Lira (TL) unless otherwise stated)

II. STATEMENT OF OFF-BALANCE SHEET ACCOUNTS		Note (Section Five III)	Reviewed Current Period 30 June 2023			Audited Prior Period 31 December 2022		
			TL	FC	Total	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS (I+II+III)			18.065.627	25.964.431	44.030.058	15.895.680	24.864.825	40.760.505
I. GUARANTEES AND WARRANTIES		(1)	80.112	4.044.803	4.124.915	72.418	2.969.043	3.041.461
1.1 Letters of Guarantee			80.112	3.250.492	3.330.604	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			80.111	3.250.492	3.330.603	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			-	191.737	191.737	-	118.700	118.700
1.3.1 Documentary Letters of Credit			-	191.737	191.737	-	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			-	602.574	602.574	-	441.565	441.565
1.9 Other Collaterals			-	-	-	-	-	-
II. COMMITMENTS		(1,3)	5.630.662	7.001.805	12.632.467	4.274.782	8.176.009	12.450.791
2.1 Irrevocable Commitments			352.572	132.501	485.073	376.782	291.108	667.890
2.1.1 Asset Purchase and Sale Commitments			20.978	132.455	153.433	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			331.594	46	331.640	127.907	6.006	133.913
2.2 Revocable Commitments			5.278.090	6.869.304	12.147.394	3.898.000	7.884.901	11.782.901
2.2.1 Revocable Loan Granting Commitments			5.278.090	6.869.304	12.147.394	3.898.000	7.884.901	11.782.901
2.2.2 Other Revocable Commitments			-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS		(2)	12.354.853	14.917.823	27.272.676	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			12.354.853	14.917.823	27.272.676	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			12.354.853	14.917.823	27.272.676	11.548.480	13.719.773	25.268.253
3.2.2.1 Foreign Currency Swap-Buy			2.930.595	11.152.963	14.083.558	4.004.626	8.635.097	12.639.723
3.2.2.2 Foreign Currency Swap-Sell			9.424.258	3.764.860	13.189.118	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)			88.785.937	279.808.367	368.594.304	34.846.478	138.878.523	173.725.001
IV. ITEMS HELD IN CUSTODY			84.012	-	84.012	145.502	-	145.502
4.1 Customer Fund and Portfolio Balances			-	-	-	-	-	-
4.2 Investment Securities Held in Custody			84.012	-	84.012	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			88.701.925	279.808.367	368.510.292	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	6.437.590	6.447.019	23.802	8.409.098	8.432.900
5.3 Commodity			-	-	-	-	-	-
5.4 Warranty			-	-	-	-	-	-
5.5 Immovable			68.538.470	249.711.685	318.250.155	18.515.370	112.182.375	130.697.745
5.6 Other Pledged Items			4.360.591	19.934.052	24.294.643	1.552.935	14.503.877	16.056.812
5.7 Pledged Items-Depository			138.198	3.725.040	3.863.238	152.198	3.783.173	3.935.371
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES			-	-	-	-	-	-
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)			106.851.564	305.772.798	412.624.362	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 June 2023
(Thousands of Turkish Lira (TL) unless otherwise stated)

III. STATEMENT OF PROFIT OR LOSS		Reviewed		Reviewed	
INCOME AND EXPENSE ITEMS	Note (Section Five IV)	Current Period 1 January- 30 June 2023	Prior Period 1 January- 30 June 2022	Current Period 1 April- 30 June 2023	Prior Period 1 April- 30 June 2022
I. INTEREST INCOME	(1)	6.380.194	2.561.128	3.764.397	1.503.721
1.1 Interest on Loans		3.138.949	1.190.382	1.914.570	673.335
1.2 Interest on Reserve Requirements		-	-	-	-
1.3 Interest on Banks		1.182.171	318.293	677.564	164.896
1.4 Interest on Money Market Transactions		828.299	158.969	601.753	120.984
1.5 Interest on Marketable Securities Portfolio		1.230.704	892.166	570.510	544.506
1.5.1 Fair Value Through Profit or Loss		-	-	-	-
1.5.2 Fair Value Through Other Comprehensive Income		448.587	312.893	202.688	164.367
1.5.3 Measured at Amortised Cost		782.117	579.273	367.822	380.139
1.6 Financial Lease Income		-	-	-	-
1.7 Other Interest Income		71	1.318	-	-
II. INTEREST EXPENSE (-)	(2)	(3.363.890)	(1.280.790)	(1.937.286)	(827.542)
2.1 Interest on Deposits		-	-	-	-
2.2 Interest on Funds Borrowed		(2.877.740)	(1.141.847)	(1.651.830)	(723.734)
2.3 Interest Expense on Money Market Transactions		(140.972)	(95.831)	(75.703)	(71.349)
2.4 Interest on Securities Issued		(72.962)	-	(45.072)	-
2.5 Measured at Amortised Expense		(1.610)	(1.114)	(820)	(565)
2.6 Other Interest Expenses		(270.606)	(41.998)	(163.861)	(31.894)
III. NET INTEREST INCOME (I - II)		3.016.304	1.280.338	1.827.111	676.179
IV. NET FEES AND COMMISSIONS INCOME		53.217	16.363	39.929	10.032
4.1 Fees and Commissions Received		75.722	26.228	50.271	14.396
4.1.1 Non-cash Loans		44.707	18.726	24.704	11.546
4.1.2 Other		31.015	7.502	25.567	2.850
4.2 Fees and Commissions Paid		(22.505)	(9.865)	(10.342)	(4.364)
4.2.1 Non-cash Loans		-	-	-	-
4.2.2 Other		(22.505)	(9.865)	(10.342)	(4.364)
V. DIVIDEND INCOME	(3)	2.770	3.544	2.770	3.544
VI. TRADING PROFIT / (LOSS) (Net)	(4)	(8.034)	(20.787)	(28.543)	(13.803)
6.1 Trading Gains / (Losses) on Securities		83.994	11.789	46.806	5.986
6.2 Gains / (Losses) on Derivative Financial Transactions		1.802.810	155.493	1.758.993	(25.619)
6.3 Foreign Exchange Gains / (Losses)		(1.894.838)	(188.069)	(1.834.342)	5.830
VII. OTHER OPERATING INCOME	(5)	155.258	73.129	127.062	15.466
VIII. GROSS OPERATING INCOME (III+IV+V+VI+VII)		3.219.515	1.352.587	1.968.329	691.418
IX. EXPECTED CREDIT LOSS (-)	(6)	(252.127)	(155.595)	(172.871)	(68.890)
X. OTHER PROVISION EXPENSE (-)	(6)	(86.408)	(91.039)	(39.336)	(47.422)
XI. PERSONNEL EXPENSE (-)		(190.452)	(88.094)	(95.994)	(45.147)
XII. OTHER OPERATING EXPENSES (-)	(7)	(219.886)	(41.398)	(64.731)	(21.685)
XIII. NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)		2.470.642	976.461	1.595.397	508.274
XIV. EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER		-	-	-	-
XV. INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD		-	-	-	-
XVI. INCOME/(LOSS) ON NET MONETARY POSITION		-	-	-	-
XVII. PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XIII+...+XVI)	(8)	2.470.642	976.461	1.595.397	508.274
XVIII. TAX PROVISION FOR CONTINUED OPERATIONS (±)	(9)	(559.440)	(243.292)	(347.032)	(128.963)
18.1 Current Tax Provision		(369.286)	(298.052)	(150.962)	(144.526)
18.2 Deferred Tax Income Effect (+)		(190.154)	-	(190.154)	-
18.3 Deferred Tax Expense Effect (-)		-	54.760	(5.916)	15.563
XIX. CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XVII±XVIII)	(10)	1.911.202	733.169	1.248.365	379.311
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		-	-	-	-
XXII. PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (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 (-)		-	-	-	-
XXIV. CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)		-	-	-	-
XXV. NET PROFIT/(LOSS) (XIX+XXIV)	(11)	1.911.202	733.169	1.248.365	379.311
25.1 Earning/(Loss) per share (in TL full)		0,008	0,004	0,005	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 June 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 June 2023	Reviewed Prior Period 1 January-30 June 2022
I.	CURRENT PERIOD PROFIT/LOSS	1.911.202	733.169
II.	OTHER COMPREHENSIVE INCOME	(125.487)	33.128
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	(125.487)	33.128
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	(179.934)	48.123
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	44.983	(16.462)
III.	TOTAL COMPREHENSIVE INCOME (I+II)	1.785.715	766.297

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 June 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 June 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)	-	-	-	-	-	-	-	-	31.661	1.467	-	-	733.169	766.297
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)	-	-	8.402	1.467	2.277.800	-	733.169	5.229.661
	Current Period 30 June 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)	-	-	-	-	-	-	-	-	(134.951)	9.464	-	-	1.911.202	1.785.715
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)		2.500.000	4.038	-	206.074	-	(506)	-	-	28.190	10.931	2.277.800	1.691.368	1.911.202	8.629.097

1. Tangible and Intangible Assets Revaluation Reserve,

2. Accumulated Gains / Losses on Remeasurements of Defined Benefit Plans,

3. Other (Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will not be Reclassified to Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income that will not be Reclassified to Profit or Loss),

4. Exchange Differences on Translation,

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

6. Other (Accumulated Gains or Losses on Cash Flow Hedges, Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will be Reclassified to Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income that will be Reclassified to 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 June 2023
(Thousands of Turkish Lira (TL) unless otherwise stated)

VI. STATEMENT OF CASH FLOWS		
	Reviewed Current Period 1 January-30 June 2023	Reviewed Prior Period 1 January-30 June 2022
A. CASH FLOWS FROM BANKING OPERATIONS		
1.1 Operating Profit Before Changes in Operating Assets and Liabilities	1.872.796	217.848
1.1.1 Interest Received	4.906.459	1.686.334
1.1.2 Interest Paid	(2.031.151)	(611.494)
1.1.3 Dividend Received	2.770	3.544
1.1.4 Fees and Commissions Received	75.722	26.228
1.1.5 Other Income	-	39.135
1.1.6 Collections from Previously Written-off Loans and Other Receivables	97.672	29.808
1.1.7 Payments to Personnel and Service Suppliers	(228.881)	(105.522)
1.1.8 Taxes Paid	(494.644)	(166.630)
1.1.9 Other	(455.151)	(683.555)
1.2 Changes in Operating Assets and Liabilities	(718.429)	5.533.622
1.2.1 Net Increase/Decrease in Financial Assets at Fair Value Through Profit or Loss	(58.398)	(12.449)
1.2.2 Net (increase) / decrease in due from banks and other financial institutions	-	-
1.2.3 Net (increase) / decrease in loans	(3.507.565)	(4.192.377)
1.2.4 Net (increase) / decrease in other assets	87.366	(66.151)
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	6.543.157	5.427.115
1.2.9 Net increase / (decrease) in payables	-	-
1.2.10 Net increase / (decrease) in other liabilities	(3.782.989)	4.377.484
I. Net Cash Provided from Banking Operations	1.154.367	5.751.470
B. CASH FLOWS FROM INVESTMENT ACTIVITIES		
II. Net Cash Provided from Investing Activities	1.890.594	(2.500.632)
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	(7.992)	(11.609)
2.4 Disposals of property and equipment	419.614	24.336
2.5 Purchase of Financial Assets at Fair Value Through Other Comprehensive Income	(9.156.522)	(4.049.548)
2.6 Sale of Financial Assets at Fair Value Through Other Comprehensive Income	10.747.211	3.154.461
2.7 Purchase of Financial Assets Measured at Amortised Cost	(551.041)	(1.617.777)
2.8 Sale of Financial Assets Measured at Amortised Cost	449.531	-
2.9 Other	(3.671)	(495)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
III. Net Cash Provided from Financing Activities	(7.667)	1.495.637
3.1 Cash Obtained from Funds Borrowed and Securities Issued	-	1.500.000
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	(7.667)	(4.363)
3.6 Other	-	-
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents	885.069	579.773
V. Net Decrease/ Increase in Cash and Cash Equivalents (I+II+III+IV)	3.922.363	5.326.248
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	19.221.688	9.588.493

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 June 2023, no inflation adjustment was made according to TAS 29.

c. Other issues:

The tension between Russia and Ukraine since January 2022 turned into a crisis and a hot conflict. The Bank does not carry out any activities in the two countries that are subject to the crisis. Considering the geographies in which the Bank operates, the crisis is not expected to have a direct impact on the Bank's operations. However, due to the uncertainty of the course of the crisis as of the report date, developments that may occur on a global scale and the possible reflections of these developments on the global and regional economy, the effects on the Bank's operations are closely monitored and taken into account with the best estimation approach in the preparation of the financial statements.

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 June 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 World Bank, 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, Industrial and Commercial Bank of China, 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 (Continued):

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.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

VIII. Explanations on Financial Assets (Continued)

Financial Investments Measured at Amortised Cost and Loans (Continued):

Loans (Continued)

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.

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,

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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

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

(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.

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).

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

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

Significant Increase in Credit Risk (Continued)

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.

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 and many enterprises will be adversely affected by this situation, but the extent of this effect cannot be predicted yet. 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 in the expected loan loss calculation on 30 June 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.

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”.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

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.

The Bank's tangible fixed assets purchased before 1 January 2005 are carried at restated cost in the balance sheet before 31 December 2004 and its tangible fixed assets that are purchased subsequently are valued at historical cost.

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 “TFRS 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 “TFRS 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 depredation 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. TFRS 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 “TFRS 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”.

There is no fund to which the Bank personnel are members. However, a part of personnel are members of Personnel Assistance and Additional Social Security Foundation of Türkiye Kalkınma Bankası A.Ş. and the Bank has no obligations regarding this foundation, accordingly no provision is reserved in the accompanying financial statements.

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 June 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 25 of the Law No. 7394 on Amendments to Law on the Evaluation of the Immovable Property Owned by the Treasury and Value Added Tax Law and Certain Laws and Decree-Laws, which came into force by being published in the Official Gazette dated 15 April 2022 and numbered 31810, corporate income tax rate to be applied to corporate earnings for the 2023 taxation period is 25% 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 balance can be refunded or used to offset any other financial liabilities to the government. According to 5.1.e. Article of Corporation Tax Law which is important tax exemption that is applied by banks, corporations’ 50% of revenues that occur from selling of their real estates, are in assets, that belong to the corporations at least two years (730 days), 75% of revenues that occur from selling their founding bonds that are belong to the corporations as long as time of participation stocks, redeemed shares and option to call are exempted from Corporation 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.

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. 7394 published in the Official Gazette dated 15 April 2022 and numbered 31810, deferred tax calculations were made by taking into account the 25% 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 World Bank, 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, Industrial and Commercial Bank of China, 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 June 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):

Current Period (30.06.2023)	Investment Banking (Treasury)	Corporate Banking	Other	Total Operations of the Bank
Net interest income/(expense)	2.833.701	184.142	(1.539)	3.016.304
Net fees and commissions income/(expense)	(22.505)	69.965	5.757	53.217
Other income	1.891.631	142.033	15.995	2.049.659
Other expense	-	(2.151.792)	(496.746)	(2.648.538)
Profit before tax	4.702.827	(1.755.652)	(476.533)	2.470.642
Tax provision	-	-	(559.440)	(559.440)
Net profit for the period	4.702.827	(1.755.652)	(1.035.973)	1.911.202
Current Period (30.06.2023)				
Segment assets	39.616.864	82.124.765	124.024	121.865.653
Associates and subsidiaries	-	30.636	-	30.636
Total Assets	39.616.864	82.155.401	124.024	121.896.289
Segment liabilities	2.942.833	109.089.492	1.234.867	113.267.192
Shareholders' equity	-	-	8.629.097	8.629.097
Total Liabilities	2.942.833	109.089.492	9.863.964	121.896.289

Prior Period (30.06.2022)	Investment Banking (Treasury)	Corporate Banking	Other	Total Operations of the Bank
Net interest income/(expense)	1.273.597	6.537	204	1.280.338
Net fees and commissions income/(expense)	(9.865)	24.507	1.721	16.363
Other income	162.562	49.541	27.132	239.235
Other expense	-	(382.874)	(176.601)	(559.475)
Profit before tax	1.426.294	(302.289)	(147.544)	976.461
Tax provision	-	-	(243.292)	(243.292)
Net profit for the period	1.426.294	(302.289)	(390.836)	733.169
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 Bank’s Capital Adequacy”.

The Bank’s equity amount as of 30 June 2023 is TL 16.674.324, (31 December 2022: TL 12.917.130) and its capital adequacy ratio is 15,33% (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 (30.06.2023)	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	2.277.800
Other Comprehensive Income according to TAS	100.921
Profit	3.602.570
Net profit for the period	1.911.202
Retained Earnings	1.691.368
Bonus Shares from Associates, Affiliates and Joint-Ventures not Accounted in Current Period's Profit	10.931
Common Equity Tier I Capital Before Deductions	8.702.334
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 (-)	68.599
Leasehold Improvements on Operational Leases (-)	1.602
Goodwill Netted with Deferred Tax Liabilities	-
Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights	21.998
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	23.669
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	115.868
Total Common Equity Tier I Capital	8.586.466
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	5.686.110
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-
Additional Tier 1 Capital Before Deductions	5.686.110
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	5.686.110
Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)	14.272.576
TIER II CAPITAL	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	1.566.342
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)	835.406
Total Deductions from Tier II Capital	2.401.748
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	2.401.748
Total Equity (Total Tier I and Tier II Capital)	16.674.324
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	100.921
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)	16.674.324
Total Risk Weighted Assets	108.769.503
CAPITAL ADEQUACY RATIOS	
CET1 Capital Ratio (%)	7,89
Tier I Capital Ratio (%)	13,12
Capital Adequacy Ratio (%)	15,33
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)	835.406
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	835.406
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach	32.621
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 (-)	-
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 (-)	-

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 (30.06.2023)	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	39.121	72.731	111.852
5. Profit Reserves	2.277.800	-	2.277.800
6. Profit or Loss	3.602.570	-	3.602.570
6.1. Prior Periods' Profit or (Loss)	1.691.368	-	1.691.368
6.2. Current Period Profit or (Loss)	1.911.202	-	1.911.202
Deductions from Common Equity Tier I Capital (-)	-	(115.362)	(115.362)
Common Equity Tier I Capital	8.629.097	(42.631)	8.586.466
Subordinated Loans	-	5.686.110	5.686.110
Deductions from Tier I capital (-)	-	-	-
Tier I Capital	8.629.097	5.643.479	14.272.576
Subordinated Loans	-	1.566.342	1.566.342
General Provisions	-	835.406	835.406
Deductions from Tier II capital (-)	-	-	-
Tier II Capital	-	2.401.748	2.401.748
Deductions from Total Capital (-)	-	-	-
Total	8.629.097	8.045.227	16.674.324

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 (30.06.2023)	
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)	1.566
Nominal value of instrument (TL million)	1.566
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):

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 (30.06.2023)	
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)	4.186
Nominal value of instrument (TL million)	4.186
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 (30.06.2023)	
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):

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)	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)

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>
27/06/2023	25,5328	27,9074	17,8252
26/06/2023	25,3915	27,6717	17,7327
23/06/2023	24,7767	27,0685	17,4521
22/06/2023	23,5475	25,8599	16,6308
21/06/2023	23,5425	25,6825	16,6661

The simple arithmetic average of the last thirty-day rates as of 30 June 2023; USD: TL 20,8203, Euro: TL 22,6790, 100 JPY: TL 15,2273.

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(30.06.2023)	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	302.957	1.470.467	2.304	1.775.728
Financial assets measured at fair value through profit and loss	181.974	38.478	-	220.452
Money market placements	-	-	-	-
Financial assets measured at fair value through other comprehensive income	2.810.879	4.290.326	-	7.101.205
Loans	21.798.435	46.259.655	-	68.058.090
Subsidiaries, associates and jointly controlled entities (joint ventures)	-	-	-	-
Financial assets measured at amortised cost	5.407.225	-	-	5.407.225
Derivative financial assets held for trading	-	3.391	-	3.391
Tangible assets	-	-	-	-
Intangible assets	-	-	-	-
Other assets	30.094	102.514	-	132.608
Total assets	30.531.564	52.164.831	2.304	82.698.699
Liabilities				
Interbank deposits	-	-	-	-
Foreign currency deposits	-	-	-	-
Money market borrowings	-	-	-	-
Funds provided from other financial institutions	22.248.817	56.241.316	-	78.490.133
Securities issued	2.839.037	-	-	2.839.037
Subordinated debt instruments	6.624.787	-	-	6.624.787
Sundry creditors	53.535	373.614	-	427.149
Derivative financial liabilities held for trading	-	575	-	575
Other liabilities	320.434	1.426.003	-	1.746.437
Total liabilities	32.086.610	58.041.508	-	90.128.118
Net balance sheet position	(1.555.046)	(5.876.677)	2.304	(7.429.419)
Net off-balance sheet position	1.578.163	5.809.940	-	7.388.103
Assets on derivative instruments	1.578.163	9.574.800	-	11.152.963
Liabilities on derivative instruments	-	(3.764.860)	-	(3.764.860)
Non-cash loans	1.891.359	2.153.444	-	4.044.803
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 33% GBP, 45% 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 (30.06.2023)	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⁾	-	-	-	-	-	1.872	1.872
Banks ⁽¹⁾	11.274.838	-	-	-	-	372.877	11.647.715
Financial assets measured at fair value through profit and loss	-	-	-	-	-	441.428	441.428
Money market placements	7.876.167	-	-	-	-	-	7.876.167
Financial assets measured at fair value through other comprehensive income ⁽³⁾	1.275.473	1.317.771	4.047.048	2.094.260	44.646	17.812	8.797.010
Loans ⁽²⁾	12.481.007	16.947.937	26.264.820	7.445.074	18.066.512	305.311	81.510.661
Financial assets measured at amortised cost	-	79.817	5.699.992	1.497.951	2.769.168	-	10.046.928
Other assets ⁽⁴⁾	1.264.983	-	-	-	-	309.525	1.574.508
Total Assets ⁽⁵⁾	34.172.468	18.345.525	36.011.860	11.037.285	20.880.326	1.448.825	121.896.289
Liabilities							
Interbank deposits	-	-	-	-	-	-	-
Other deposits	-	-	-	-	-	-	-
Money market borrowings	2.631.264	-	-	-	-	-	2.631.264
Miscellaneous payables	-	-	-	-	-	520.293	520.293
Securities issued	-	-	2.839.037	-	-	-	2.839.037
Funds provided from other financial institutions	13.347.789	26.324.033	29.132.034	6.620.167	19.086.383	-	94.510.406
Other liabilities ⁽⁴⁾	-	-	-	872.335	2.759.642	17.763.312	21.395.289
Total Liabilities	15.979.053	26.324.033	31.971.071	7.492.502	21.846.025	18.283.605	121.896.289
Long position on balance sheet	18.193.415	-	4.040.789	3.544.783	-	-	25.778.987
Short position on balance sheet	-	(7.978.508)	-	-	(965.699)	(16.834.780)	(25.778.987)
Long position on off-balance sheet	613.090	281.350	-	-	-	-	894.440
Short position on off-balance sheet	-	-	-	-	-	-	-
Total Position	18.806.505	(7.697.158)	4.040.789	3.544.783	(965.699)	(16.834.780)	894.440

⁽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):

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 Turkey ⁽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
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 (30.06.2023)	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	-	5,32	-	41,76
Financial assets measured at fair value through profit and loss	-	-	-	-
Money market placements	-	-	-	30,68
Financial assets measured at fair value through other comprehensive income	5,44	7,36		31,30
Loans	6,58	8,40	-	10,74
Other financial assets measured at amortised cost (**)	5,03	-	-	35,65
Liabilities (*)				
Interbank deposits	-	-	-	-
Other deposits	-	-	-	-
Money market borrowings	-	-	-	19,09
Sundry creditors	-	-	-	-
Marketable securities issued	6,46	-	-	-
Funds accepted by development and investment banks	3,19	-	-	32,27
Funds provided from other financial institutions (***)	3,37	6,27	-	14,89

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

(**) Most of 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
Sundry creditors	-	-	-	-
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.

(**) Most of 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.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 with assets and liabilities in the 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. 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 (30.06.2023)				Prior Period (31.12.2022)			
	FC	Date	FC+TL	Date	FC	Date	FC+TL	Date
Maximum (%)	143,54	01.04.2023	160,44	26.05.2023	95,22	04.11.2022	152,45	18.11.2022
Minimum (%)	57,98	16.06.2023	86,47	16.06.2023	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 (30.06.2023)	TL+FC	FC	TL+FC	FC
HIGH-QUALITY LIQUID ASSETS			7.591.123	1.851.543
Total high-quality liquid assets (HQLA)	-	-	7.591.123	1.851.543
CASH OUTFLOWS				
Retail and small business customers deposits	-	-	-	-
Stable deposits	-	-	-	-
Less stable deposits	-	-	-	-
Unsecured funding other than retail and small business customers deposits	4.775.613	4.070.621	2.569.881	1.963.626
Operational deposits	-	-	-	-
Non-operational deposits	-	-	-	-
Other unsecured funding	4.775.613	4.070.621	2.569.881	1.963.626
Secured funding			-	-
Other cash outflows	13.891.982	4.292.733	13.891.982	4.292.733
Liquidity needs related to derivatives and market valuation changes on derivatives transactions	13.891.982	4.292.733	13.891.982	4.292.733
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	12.433.981	7.546.628	621.699	377.331
Other irrevocable or conditionally revocable commitments	-	-	-	-
TOTAL CASH OUTFLOWS	-	-	17.083.562	6.633.690
CASH INFLOWS				
Secured receivables	-	-	-	-
Unsecured receivables	20.431.362	4.472.685	29.475.911	4.138.115
Other cash inflows	14.141.253	10.347.851	14.141.253	10.347.851
TOTAL CASH INFLOWS	34.572.615	14.820.536	43.617.164	14.485.966
			Upper Limit Applied Amounts	
TOTAL HIGH-QUALITY LIQUID ASSETS			7.591.123	1.851.543
TOTAL NET CASH OUTFLOWS			6.754.901	2.282.447
LIQUIDITY COVERAGE RATIO (%)			112,38	81,12

(*) 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			7.419.006	1.822.211
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 81,6%. 5,1% of the Bank's total funding consists of funds, 8,4% consists of subordinated debt instruments, 2,4% is provided from money markets and 2,5% 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 (30.06.2023)								
Assets								
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	1.872	-	-	-	-	-	-	1.872
Banks	372.877	11.274.838	-	-	-	-	-	11.647.715
Financial assets measured at fair value through profit and loss	441.428	-	-	-	-	-	-	441.428
Money market placements	-	7.876.167	-	-	-	-	-	7.876.167
Financial assets measured at fair value through other comprehensive income	17.812	1.061.708	1.206.569	4.154.720	2.308.659	47.542	-	8.797.010
Loans	-	11.317.270	2.900.970	12.123.143	38.146.213	16.717.754	305.311	81.510.661
Financial assets measured at amortised cost	-	7.399	291.321	5.705.205	1.274.363	2.768.640	-	10.046.928
Other assets	-	1.264.983	-	-	-	-	309.525	1.574.508
Total Assets⁽²⁾	833.989	32.802.365	4.398.860	21.983.068	41.729.235	19.533.936	614.836	121.896.289
Liabilities								
Bank deposits	-	-	-	-	-	-	-	-
Other deposits	-	-	-	-	-	-	-	-
Funds provided from other financial institutions	-	14.471.842	1.949.243	9.262.487	32.687.897	36.138.937	-	94.510.406
Money market borrowings	-	2.631.264	-	-	-	-	-	2.631.264
Securities issued	-	-	-	-	745.983	2.093.054	-	2.839.037
Miscellaneous payables	520.293	-	-	-	-	-	-	520.293
Other liabilities	2.283.920	42.488	150.962	-	5.058.445	4.325.984	9.533.490	21.395.289
Total Liabilities	2.804.213	17.145.594	2.100.205	9.262.487	38.492.325	42.557.975	9.533.490	121.896.289
Liquidity Gap	(1.970.224)	15.656.771	2.298.655	12.720.581	3.236.910	(23.024.039)	(8.918.654)	-
Net Off-Balance Position	-	613.090	281.350	-	-	-	-	894.440
Derivative Financial Assets	-	11.859.970	2.223.588	-	-	-	-	14.083.558
Derivative Financial Liabilities	-	11.246.880	1.942.238	-	-	-	-	13.189.118
Non-Cash Loans	80.112	25.355	-	336.661	-	3.682.787	-	4.124.915
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.

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 lower than the rate of increase in total risk amount. As of 30 June 2023, the Bank's leverage ratio calculated from the average of three months is 11,04% (31 December 2022: 11,18%). The reason why the leverage ratio of the current period is lower than the leverage ratio of the previous period is that the total risk amount related to on-balance sheet assets has increased at a higher rate than the amount of Tier 1 capital.

On-balance sheet assets	Current Period (30.06.2023) (*)	Prior Period (31.12.2022) (*)
Balance sheet assets (Excluding derivative financial instruments and credit derivatives, including collaterals)	109.570.243	86.558.604
(Assets deducted in determining Tier 1 capital)	-	-
Total balance sheet exposures	109.570.243	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	1.682.374	993.478
Total derivative financial instruments and loan derivatives exposure	1.682.374	993.478
Securities financing transaction exposure		
Risk amount of financing transactions secured by marketable security or commodity (excluding on-balance sheet)	2.072.596	2.311.787
Risks from brokerage activities related exposures	-	-
Total risk amount of financing transactions secured by marketable security or commodity	2.072.596	2.311.787
Off-balance sheet items		
Gross notional amounts of off-balance sheet items	16.869.328	14.293.171
(Adjustments for conversion to credit equivalent amounts)	(11.262.432)	(9.736.392)
Total risks of off-balance sheet items	5.606.896	4.556.779
Capital and total risks		
Tier 1 capital	13.127.555	10.552.034
Total risks	118.932.109	94.420.648
Leverage ratio		
Leverage ratio	11,04	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 June 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 (30.06.2023)	Prior Period (31.12.2022)	Current Period (30.06.2023)
1	Credit risk (excluding counterparty credit risk) (CCR)	103.238.272	74.807.459	8.259.061
2	Of which standardized approach (SA)	103.238.272	74.807.459	8.259.061
3	Of which internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	2.099.822	692.432	167.986
5	Of which standardized approach for counterparty credit risk (SA-CCR)	2.099.822	692.432	167.986
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	97.650	107.525	7.812
17	Of which standardized approach (SA)	97.650	107.525	7.812
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)	108.769.503	77.490.581	8.701.560

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VII. Explanations Related to Risk Management (Continued):

2. Credit quality of assets:

		Default (a)	Non-Default (b)	Provisions/Depreciation and Impairment (c)	Net Value (a+b+c)
		The gross amount in financial tables that valued according to TAS			
Current Period(30.06.2023)					
1	Loans	802.305	81.940.002	(1.231.646)	81.510.661
2	Debt Securities	-	18.866.845	(45.032)	18.821.813
3	Off-balance Receivables	2	4.124.913	(71.700)	4.053.215
4	Total	802.307	104.931.760	(1.348.378)	104.385.689

		Default (a)	Non-Default (b)	Provisions/Depreciation and Impairment (c)	Net Value (a+b+c)
		The gross amount in financial tables that valued according to TAS			
Prior Period (31.12.2022)					
1	Loans	894.374	59.445.921	(1.107.637)	59.232.658
2	Debt Securities	-	16.205.801	(19.972)	16.185.829
3	Off-balance Receivables	2	3.041.459	(49.545)	2.991.916
4	Total	894.376	78.693.181	(1.177.154)	78.410.403

3. Changes in stocks of default loans and debt securities:

Current Period(30.06.2023)		
1	Defaulted loans and debt securities at the end of prior reporting period	894.374
2	Defaulted loans and debt securities from last reporting period	5.603
3	Receivables that are not defaulted	(97.672)
4	Amounts written off	-
5	Other changes	-
6	Defaulted loans and debt securities at the end of reporting period (1+2-3-4+-5)	802.305

Prior Period (31.12.2022)		
1	Defaulted loans and debt securities at the end of prior reporting period	855.150
2	Defaulted loans and debt securities from last reporting period	230.129
3	Receivables that are not defaulted	(190.905)
4	Amounts written off	-
5	Other changes	-
6	Defaulted loans and debt securities at the end of reporting period (1+2-3-4+-5)	894.374

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VII. Explanations Related to Risk Management (Continued):

4. Credit risk mitigation techniques – Overview:

Current Period (30.06.2023)	Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collateral	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
Loans	4.068.631	78.673.676	100%	-	-	-	-
Debt Instruments	-	18.866.845	100%	-	-	-	-
Total	4.068.631	97.540.521	100%	-	-	-	-
Overdue	-	802.305	100%	-	-	-	-

Prior Period (31.12.2022)	Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collateral	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
Loans	3.014.941	57.325.354	100%	-	-	-	-
Debt Instruments	-	16.205.801	100%	-	-	-	-
Total	3.014.941	73.531.155	100%	-	-	-	-
Overdue	-	894.374	100%	-	-	-	-

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VII. Explanations Related to Risk Management (Continued):

5. Standard approach – Exposed credit risk and risk mitigation effects

The Bank calculates the credit risk with standard approach and do not use a rating grade.

Current Period (30.06.2023)	Exposures before CCF and CRM		Exposures post CCF and CRM		RWA and RWA density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
Risk Classes						
Exposures to central governments or central banks	17.657.767	-	18.813.847	-	11.577.827	61,5%
Exposures to regional or local governments	-	-	-	-	-	-
Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-
Exposures to multilateral development banks	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-
Exposures to banks and brokerage houses	42.147.298	331.602	46.547.366	165.806	29.834.704	63,9%
Exposures to corporates	62.524.065	16.272.301	57.775.838	4.029.038	61.804.876	100,0%
Retail exposures	-	-	-	-	-	-
Exposures secured by residential property	56.925	-	56.925	-	19.924	35,0%
Exposures secured by commercial property	1.508.932	-	1.508.932	-	850.844	56,4%
Past-due receivables	305.315	-	305.316	-	152.658	50,0%
Exposures in high risk categories by the Agency Board	-	-	-	-	-	-
Collateralized securities	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	181.975	46	181.975	46	182.021	100,0%
Other exposures	287.688	-	287.688	-	286.078	99,4%
Equity share investments	-	-	-	-	-	-
Total	124.669.965	16.603.949	125.477.887	4.194.890	104.708.932	80,7%

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VII. Explanations Related to Risk Management (Continued):

5. Standard approach – Exposed credit risk and risk mitigation effects (Continued):

Prior Period (31.12.2022)	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
Risk Classes						
Exposures to central governments or central banks	13.576.048	-	14.124.977	-	7.263.824	51,4%
Exposures to regional or local governments	-	-	-	-	-	-
Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-
Exposures to multilateral development banks	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-
Exposures to banks and brokerage houses	31.060.345	127.915	33.698.974	63.963	20.397.748	60,4%
Exposures to corporates	45.465.120	14.824.353	43.223.442	2.982.102	46.205.544	100,0%
Retail Exposures	-	-	-	-	-	-
Exposures secured by residential property	48.384	-	48.384	-	16.934	35,0%
Exposures secured by commercial property	1.173.371	-	1.173.371	-	682.090	58,1%
Past-due receivables	326.553	-	326.553	-	163.277	50,0%
Exposures in high risk categories by the Agency Board	-	-	-	-	-	-
Collateralized securities	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	129.401	6.006	129.401	6.006	135.407	100,0%
Other exposures	440.760	-	440.759	-	438.587	99,5%
Equity share investments	-	-	-	-	-	-
Total	92.219.982	14.958.275	93.165.861	3.052.071	75.303.411	78,3%

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VII. Explanations Related to Risk Management (Continued):

6. Standard approach – Exposures by asset classes and risk weights:

The Bank calculates the credit risk with the standard approach and does not use a rating score.

Current Period (30.06.2023)												
Risk Class/Risk Weight	0%	10%	20%	25%	35%	50%	75%	100%	150%	250%	Other	Total risk amount (after CCF and CRM)
Exposures to central governments or central banks	7.236.021	-	-	-	-	-	-	11.577.826	-	-	-	18.813.847
Exposures to regional or local governments	-	-	-	-	-	-	-	-	-	-	-	-
Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-	-	-	-	-	-	-
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-	-	-	-	-	-	-
Exposures to banks and brokerage houses	473.713	-	17.870.327	-	-	3.830.967	-	24.341.217	-	-	196.948	46.713.172
Exposures to corporates	-	-	-	-	-	-	-	61.804.876	-	-	-	61.804.876
Retail exposures	-	-	-	-	-	-	-	-	-	-	-	-
Exposures secured by residential property	-	-	-	-	56.925	-	-	-	-	-	-	56.925
Exposures secured by commercial property	-	-	-	-	-	1.316.177	-	192.755	-	-	-	1.508.932
Past-due receivables	-	-	-	-	-	305.316	-	-	-	-	-	305.316
Exposures in high-risk categories by the Agency Board	-	-	-	-	-	-	-	-	-	-	-	-
Collateralized securities	-	-	-	-	-	-	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	-	-	-	-	-	-	-	182.021	-	-	-	182.021
Equity share investments	-	-	-	-	-	-	-	-	-	-	-	-
Other exposures	1.609	-	-	-	-	-	-	286.079	-	-	-	287.688
Total	7.711.343	-	17.870.327	-	56.925	5.452.460	-	98.384.774	-	-	196.948	129.672.777

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VII. Explanations Related to Risk Management (Continued):

6. Standard approach –Exposures by asset classes and risk weights:

Prior Period (31.12.2022)												
Risk Class/Risk Weight	0%	10%	20%	25%	35%	50%	75%	100%	150%	250%	Other	Total risk amount (after CCF and CRM)
Exposures to central governments or central banks	6.861.153	-	-	-	-	-	-	7.263.824	-	-	-	14.124.977
Exposures to regional or local governments	-	-	-	-	-	-	-	-	-	-	-	-
Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-	-	-	-	-	-	-
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-	-	-	-	-	-	-
Exposures to banks and brokerage houses	128.516	-	15.514.703	-	-	1.403.024	-	16.590.778	-	-	125.916	33.762.937
Exposures to corporates	-	-	-	-	-	-	-	46.205.544	-	-	-	46.205.544
Retail exposures	-	-	-	-	-	-	-	-	-	-	-	-
Exposures secured by residential property	-	-	-	-	48.384	-	-	-	-	-	-	48.384
Exposures secured by commercial property	-	-	-	-	-	982.563	-	190.808	-	-	-	1.173.371
Past-due receivables	-	-	-	-	-	326.553	-	-	-	-	-	326.553
Exposures in high-risk categories by the Agency Board	-	-	-	-	-	-	-	-	-	-	-	-
Collateralized securities	-	-	-	-	-	-	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	-	-	-	-	-	-	-	135.407	-	-	-	135.407
Equity share investments	-	-	-	-	-	-	-	-	-	-	-	-
Other exposures	2.172	-	-	-	-	-	-	438.587	-	-	-	440.759
Total	6.991.841	-	15.514.703	-	48.384	2.712.140	-	70.824.948	-	-	125.916	96.217.932

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VII. Explanations Related to Risk Management (Continued):

7. Evaluation of counterparty credit risk according to measurement methods:

Current Period (30.06.2023)		Replacement cost	Potential future exposure	EEPE(Effective Expected Positive Exposure)	Alpha used for computing Regulatory EAD	EAD post CRM	RWA
1	Standardized approach CCR(for derivatives)	1.396.931	566.411		1,4	2.748.679	2.080.935
2	Internal model method (for derivatives and securities financing transactions)			-	-	-	-
3	Simple approach for credit risk mitigation (for securities financing transactions)					-	-
4	Comprehensive approach for credit risk mitigation (for securities financing transactions)					-	-
5	Value at Risk (VaR) for securities financing transactions					94.434	18.887
6	Total						2.099.822

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VII. Explanations Related to Risk Management (Continued):

7. Evaluation of counterparty credit risk according to measurement methods (Continued):

Prior Period (31.12.2022)		Replacement cost	Potential future exposure	EEPE(Effective Expected Positive Exposure)	Alpha used for computing Regulatory EAD	EAD post CRM	RWA
1	Standardized approach CCR(for derivatives)	159.367	516.261		1,4	945.880	682.781
2	Internal model method (for derivatives and securities financing transactions)			-	-	-	-
3	Simple approach for credit risk mitigation (for securities financing transactions)					-	-
4	Comprehensive approach for credit risk mitigation (for securities financing transactions)					-	-
5	Value at Risk (VaR) for securities financing transactions					86.642	9.651
6	Total						692.432

Capital requirement for Credit Valuation Adjustments (CVA):

Current Period (30.06.2023)	Risk Amount (After using credit risk mitigation techniques)	Risk weighted amounts
Total amount of portfolios subject to CVA capital requirement according to the advanced method	-	-
(i) Value at risk component (including 3*multiplier)	-	-
(ii) Stress value-at-risk (including 3*multiplier)	-	-
Total amount of portfolios subject to CVA capital requirement according to the standard method	2.748.679	629.059
Total amount subject to CVA capital requirement	2.748.679	629.059

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VII. Explanations Related to Risk Management (Continued):

7. Evaluation of counterparty credit risk according to measurement methods (Continued):

Capital requirement for Credit Valuation Adjustments (CVA) (Continued):

Prior Period (31.12.2022)	Risk Amount (After using credit risk mitigation techniques)	Risk weighted amounts
Total amount of portfolios subject to CVA capital requirement according to the advanced method	-	-
(i) Value at risk component (including 3*multiplier)	-	-
(ii) Stress value-at-risk (including 3*multiplier)	-	-
Total amount of portfolios subject to CVA capital requirement according to the standard method	945.880	196.143
Total amount subject to CVA capital requirement	945.880	196.143

8. Standard Approach - CCR exposures by risk classes and risk weights:

Current Period (30.06.2023)									
Risk Weights/ Risk Classes	0%	10%	20%	50%	75%	100%	150%	Other	Total credit risk ^(*)
Exposures to central governments and central banks	-	-	-	-	-	2.035.192	-	-	2.035.192
Exposures to regional or local governments	-	-	-	-	-	-	-	-	-
Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-	-	-	-
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-	-	-	-
Exposures to banks and brokerage houses	473.713	-	95.711	-	-	41.549	-	196.948	64.630
Exposures to corporates	-	-	-	-	-	-	-	-	-
Retail Exposures	-	-	-	-	-	-	-	-	-
Other exposures	-	-	-	-	-	-	-	-	-
Total	473.713	-	95.711	-	-	2.076.741	-	-	2.099.822

^(*) Total credit risk is an amount related to equity adequacy calculation after counterparty credit risk measurements are applied.

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VII. Explanations Related to Risk Management (Continued):

8. Standard Approach - CCR exposures by risk classes and risk weights (Continued):

Prior Period (31.12.2022)									
Risk Weights/ Risk Classes	0%	10%	20%	50%	75%	100%	150%	Other	Total credit risk ^(*)
Exposures to central governments and central banks	38.385	-	48.257	-	-	-	-	-	9.651
Exposures to regional or local governments	-	-	-	-	-	-	-	-	-
Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-	-	-	-
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-	-	-	-
Exposures to banks and brokerage houses	128.516	-	13.982	-	-	677.466	-	125.96	682.781
Exposures to receivables	-	-	-	-	-	-	-	-	-
Retail exposures	-	-	-	-	-	-	-	-	-
Other exposures	-	-	-	-	-	-	-	-	-
Total	166.901	125.916	62.239	-	-	677.466	-	-	692.432

^(*) Total credit risk is an amount related to equity adequacy calculation after counterparty credit risk measurements are applied.

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VII. Explanations Related to Risk Management (Continued):

9. Collaterals for counterparty credit risk:

Current Period (30.06.2023)	Collateral used in derivative transactions				Collateral used in SFTs	
	Collaterals received		Collaterals given		Collaterals received	Collaterals given
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash- domestic currency	-	-	-	-	-	-
Cash –foreign currency	-	-	-	-	-	-
Domestic sovereign debts	-	-	275.471	-	-	2.702.786
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	-	275.471	-	-	2.702.786

Prior Period (31.12.2022)	Collateral used in derivative transactions				Collateral used in SFTs	
	Collaterals received		Collaterals given		Collaterals received	Collaterals given
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash- domestic currency	-	-	-	-	-	-
Cash –foreign currency	-	-	-	-	-	-
Domestic sovereign debts	-	-	266.911	-	-	2.918.261
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	-	266.911	-	-	2.918.261

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VII. Explanations Related to Risk Management (Continued):

10. Standard approach – Market risk:

		Current Period (30.06.2023)	Prior Period (31.12.2022)
		RAT	RAT
	Outright Products		
1	Interest rate risk (general ve specific)	-	-
2	Equity risk (general ve specific)	-	-
3	Foreign exchange risk	97.650	107.525
4	Commodity risk	-	-
	Options		
5	Simplified approach	-	-
6	Delta-plus method	-	-
7	Scenario approach	-	-
8	Securitization	-	-
9	Total	97.650	107.525

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 (30.06.2023)		Prior Period (31.12.2022)	
	TL	FC	TL	FC
Cash in TL/Foreign currency	7	-	44	-
CBRT	1.866	-	791	-
Other	-	-	-	-
Total	1.873	-	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 (30.06.2023)		Prior Period (31.12.2022)	
	TL	FC	TL	FC
Unrestricted demand deposit	1.866	-	791	-
Unrestricted time deposit	-	-	-	-
Restricted time deposit	-	-	-	-
Total	1.866	-	791	-

1.1.2. Information on banks:

	Current Period (30.06.2023)		Prior Period (31.12.2022)	
	TL	FC	TL	FC
Banks				
Domestic	9.889.716	1.026.119	7.771.783	921.416
Foreign	-	749.609	-	64.779
Foreign head office and branches	-	-	-	-
Total	9.889.716	1.775.728	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 (30.06.2023)		Prior Period (31.12.2022)	
	TL	FC	TL	FC
Money market placements	7.881.842	-	6.634.417	-
Receivables from reverse repo transactions	-	-	-	-
Total	7.881.842	-	6.634.417	-

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

	Current Period (30.06.2023)		Prior Period (31.12.2022)	
	TL	FC	TL	FC
Cash and balances with Central Bank	1	-	-	-
Banks	17.729	-	13.376	-
Receivables from money market	5.675	-	4.777	-
Total	23.405	-	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 (30.06.2023)		Prior Period (31.12.2022)	
	TL	FC	TL	FC
Share certificates	-	-	-	-
Bonds, treasury bills and similar securities	398.516	-	486.436	-
Other	-	-	-	-
Total	398.516	-	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 (30.06.2023)		Prior Period (31.12.2022)	
	TL	FC	TL	FC
Share certificates	-	-	-	-
Bonds, treasury bills and similar securities	358.410	1.112.667	834.674	793.984
Other	-	-	-	-
Total	358.410	1.112.667	834.674	793.984

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 (30.06.2023)	Prior Period (31.12.2022)
Debt Securities	8.817.656	8.643.578
Quoted on a stock exchange	8.817.656	8.643.578
Unquoted	-	-
Share Certificates	18.629	18.629
Quoted on a stock exchange	-	-
Unquoted	18.629	18.629
Provision for impairment (-)	(39.275)	(15.264)
Total	8.797.010	8.646.943

1.4. Information on derivative financial assets:

	Current Period (30.06.2023)		Prior Period (31.12.2022)	
	TL	FC	TL	FC
Forward transactions	-	-	-	-
Swap transactions	1.261.592	3.391	31.094	-
Futures	-	-	-	-
Options	-	-	-	-
Others	-	-	-	-
Total	1.261.592	3.391	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.

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 (30.06.2023)	Standard Loans	Loans Under Close Monitoring		
		Loans not Subject to Restructuring	Restructured Loans	
			Loans with Revised Contract Terms	Refinance
Non-specialized loans	77.340.222	2.877.345	526.217	-
Working capital loans	8.907.433	-	9.517	-
Export loans	-	-	-	-
Import loans	-	-	-	-
Loans given to financial sector	17.850.081	-	-	-
Consumer loans	-	-	-	-
Credit cards	-	-	-	-
Other	50.582.708	2.877.345	516.700	-
Specialized loans	964.401	180.185	51.632	-
Other receivables	-	-	-	-
Total	78.304.623	3.057.530	577.849	-

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 (Continued):

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 (30.06.2023)		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	547.588	-	394.864	-
Significant increase in credit risk	-	187.065	-	144.952

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)

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

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

2.1. Information on loans (Continued):

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.

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 (30.06.2023)	Prior Period (31.12.2022)
Domestic loans	82.742.307	60.340.295
International loans	-	-
Total	82.742.307	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 (30.06.2023)	Prior Period (31.12.2022)
Loans with limited collectability	461.207	516.495
Loans with doubtful collectability	-	-
Uncollectible loans	35.786	51.326
Total	496.993	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 (30.06.2023)			
Gross amounts before provisions	-	-	35.961
Restructured loans	766.344	-	-
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 (+)	1.929	-	3.674
Transfer from other categories of non-performing loans (+)	-	-	-
Transfer to other categories of non-performing loans (-)	-	-	-
Collections (-)	(78.551)	-	(19.121)
Write-offs (-)	-	-	-
Sold (-)	-	-	-
Corporate and commercial loans	-	-	-
Consumer loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Current Period End Balance (30.06.2022)	766.344	-	35.961
Provision(-)	(461.207)	-	(35.786)
Net Balance on Balance Sheet	305.137	-	175

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 (30.06.2023)			
Interest accruals and rediscount with valuation differences	27.886	-	19
Provision amount (-)	(27.886)	-	(19)
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) (30.06.2023)	305.137	-	175
Loans to Real Persons and Legal Entities (Gross)	766.344	-	35.961
Provision amount (-)	(461.207)	-	(35.786)
Loans to Real Persons and Legal Entities (Net)	305.137	-	175
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 June 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 from leasing are TL 67. (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 (30.06.2023)	Prior Period (31.12.2022)
Government bonds	2.323.248	2.432.127
Treasury bills	-	-
Other government debt securities	-	-
Total	2.323.248	2.432.127

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

	Current Period (30.06.2023)	Prior Period (31.12.2022)
Government bonds	6.371.970	3.772.831
Treasury bills	-	67.842
Other government debt securities	-	-
Total	6.371.970	3.840.673

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

	Current Period (30.06.2023)	Prior Period (31.12.2022)
Government bonds	9.700.407	7.025.924
Treasury bills	-	67.842
Other government debt securities	348.782	468.457
Total	10.049.189	7.562.223

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

	Current Period (30.06.2023)	Prior Period (31.12.2022)
Debt Securities	10.049.189	7.562.223
Quoted on a stock exchange	10.049.189	7.562.223
Unquoted	-	-
Provision for impairment (-)	-	-
Total	10.049.189	7.562.223

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

	Current Period (30.06.2023)	Prior Period (31.12.2022)
Balance at the beginning of the period	7.562.223	3.012.392
Foreign currency difference on monetary assets	1.559.105	988.830
Purchases during the year (*)	1.534.238	3.618.945
Disposals through sales and redemptions (**)	(606.377)	(57.944)
Provision for impairment (-)	-	-
Balance at the end of the period	10.049.189	7.562.223

(*)TL 730.470 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 156.846 after coupon redemption rediscount reduction amount (31 December 2022: TL 57.944).

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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
	285.749	191.514	12.141	-	-	39.000	23.493	-

(*) The financial information of Maksan A.Ş. is provided from the unreviewed financial statements as of 31 March 2023. Prior period profit/loss amount is provided from the unreviewed financial statements as of 31 March 2022.

4.1.c) Movement of associates:

	Current Period (30.06.2023)	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.

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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 Arıcak 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.

	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	402.798	292	3	-	39.287	198	-	-
2	24.172	17.195	1.774	-	1.254	(3.655)	6.342	-

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

4.2.c) Movement of subsidiaries:

	Current Period (30.06.2023)	Prior Period (31.12.2022)
Balance at the beginning of the period	4.050	3.050
Movements during the period	16.000	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	-	-
Balance at the end of the period	20.050	4.050
Capital commitments	-	-
Share percentage at the end of the period (%)	100	100

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 (30.06.2023)	Prior Period (31.12.2022)
Banks	-	-
Insurance companies	-	-
Factoring companies	-	-
Leasing companies	-	-
Financing companies	-	-
Other financial subsidiaries	20.050	4.050

4.2.d) Subsidiaries quoted on the stock exchange:

None.

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

None.

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.

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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 June 2023, the Bank has a deferred tax asset of TL 23.669. (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 June 2023, the Bank has no tax assets calculated over the period loss or tax deduction. (31 December 2022: None).

	Current Period (30.06.2023)	Prior Period (31.12.2022)
Deferred Tax Assets		
Amortizations	2.021	-
Interest rediscounts	3.256	1.933
Employee benefits provisions	11.612	7.450
Securities portfolio internal yield-exchange rate difference	15.453	49.496
Securities portfolio - Financial	2.682	-
Personnel bonus premium provision	28.426	20.673
TFRS 9 Provision	208.043	152.374
TFRS 16 Leases	-	2
Other	728	634
Total Deferred Tax Assets	272.221	232.562
Deferred Tax Liabilities		
Amortizations	-	1.295
Securities portfolio - Financial	-	608
Securities portfolio - Non-financial	10.724	56.835
TFRS 16 Leases	89	-
Derivative financial assets	237.649	4.984
Other	90	-
Total Deferred Tax Liability	248.552	63.722
Net Deferred Tax Asset /(Liabilities)	23.669	168.840

11. Information on other assets:

	Current Period (30.06.2023)	Prior Period (31.12.2022)
Inventory	1.485	787
Prepaid expenses	162.668	146.828
Temporary account debtor	11.976	2.565
Sundry receivables	10.141	18.959
Total	186.270	169.139

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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 (30.06.2023)		Prior Period (31.12.2022)	
	TL	FC	TL	FC
From Central Bank of the Republic of Türkiye ^(*)	13.375.146	-	8.959.064	-
From domestic banks and institutions	-	4.644.446	-	3.712.821
From foreign banks, institutions and funds	-	73.085.882	-	50.667.843
Total	13.375.146	77.730.328	8.959.064	54.380.664

(*) The securities amounting to TL 21.956.257 (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 Türkiye were disbursed were endorsed to the Central Bank of the Republic of Türkiye.

2.b) Maturity structure of funds borrowed:

	Current Period (30.06.2023)		Prior Period (31.12.2022)	
	TL	FC	TL	FC
Short-term	-	13.578.816	-	7.819.544
Medium and long-term	13.375.146	64.151.512	8.959.064	46.561.120
Total	13.375.146	77.730.328	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, Industrial and Commercial Bank of China, German Development Bank, Asian Infrastructure Investment Bank, Japan Bank for International Cooperation and China Development Bank. Domestic loans originate from the Republic of Türkiye Ministry of Treasury and Finance and Central Bank of the Republic of Türkiye.

3. Information on funds provided under repurchase agreements:

	Current Period (30.06.2023)		Prior Period (31.12.2022)	
	TL	FC	TL	FC
Funds provided under repurchase agreements	2.631.264	-	2.960.566	-
Total	2.631.264	-	2.960.566	-

4. Information on securities issued (Net):

	Current Period (30.06.2023)		Prior Period (31.12.2022)	
	TL	FC	TL	FC
Bonds	-	2.839.037	-	2.018.433
Total	-	2.839.037	-	2.018.433

EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)

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

5. Explanations on funds:

Of the TL 5.688.852 which was provided by the Bank (31 December 2022: TL 8.418.825), TL 295.439 is from the World Bank, TL 1.554 is from the European Fund, TL 22.017 is from the Ministry of Treasury and Finance and TL 5.369.842 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 (30.06.2023)		Prior Period (31.12.2022)	
	TL	FC	TL	FC
Forward transactions	-	-	-	-
Swap transactions	310.994	575	11.157	-
Futures transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	310.994	575	11.157	-

8. Information on factoring liabilities:

None.

9. Explanations on financial lease payables (Net):

	Current Period (30.06.2023)		Prior Period (31.12.2022)	
	Gross	Net	Gross	Net
Less than 1 year	11.256	9.385	12.168	9.751
1-4 years	12.544	10.308	12.842	10.036
More than 4 years	1.306	1.275	3.264	3.102
Total	25.106	20.968	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 June 2023, the first stage expected loss provision for non-compensated and non-cashed non-cash loans is TL 71.699 (31 December 2022: TL 49.545), third stage expected loss provision is TL 1 (31 December 2022: TL 1).

11.c) Other provisions:

- i) As of 30 June 2023, there are 125 lawsuits filed against the Bank, with a risk amount of TL 7.662. The Bank allocated TL 2.912 (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.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 June 2023, the Bank allocated provision for severance pay amounting to TL 26.606 (31 December 2022: TL 20.042), for unused vacation accruals amounting to TL 19.843 (31 December 2022: TL 9.757) and within the scope of TAS 19, employee benefits provision amounting to TL 113.704 (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 (30.06.2023)		Prior Period (31.12.2022)	
	TL	FC	TL	FC
Corporate Tax and Deferred Tax				
Corporate tax payable	150.962	-	260.197	-
Deferred tax liability	-	-	-	-
Total	150.962	-	260.197	-

12.a.2) Information on taxes payable:

	Current Period (30.06.2023)	Prior Period (31.12.2022)
Corporate tax payable	150.962	260.197
Taxation on income on marketable securities	2.938	3.475
Property tax	-	38
Banking insurance transaction tax (BITT)	12.532	9.057
Foreign exchange transaction tax	5	119
Value added tax payable	1.808	531
Other	11.322	8.336
Total	179.567	281.753

12.a.3) Information on premiums:

	Current Period (30.06.2023)	Prior Period (31.12.2022)
Social security premiums- Employee	5.063	1.726
Social security premiums- Employer	7.410	2.527
Bank social aid pension fund premium- Employee	-	-
Bank social aid pension fund premium- Employer	-	-
Pension fund membership fees and provisions- Employee	61	47
Pension fund membership fees and provisions- Employer	77	59
Unemployment insurance- Employee	362	123
Unemployment insurance- Employer	723	247
Other	187	39
Total	13.883	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 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 (30.06.2023)		Prior Period (31.12.2022)	
	TL	FC	TL	FC
Debt instruments to be included in additional capital calculation	2.759.642	5.058.445	2.301.046	3.528.830
Subordinated loans	2.759.642	5.058.445	2.301.046	3.528.830
Subordinated debt instruments	-	-	-	-
Debt instruments to be included in contribution capital calculation	-	1.566.342	-	1.117.460
Subordinated loans	-	1.566.342	-	1.117.460
Subordinated debt instruments	-	-	-	-
Total	2.759.642	6.624.787	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 (30.06.2023)	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 (30.06.2023)	Prior Period (31.12.2022)
I. Legal reserve	120.829	120.829
II. Legal reserve	14.471	14.471
Special reserves	-	-
Total	135.300	135.300

17.f) Information on extraordinary reserves:

	Current Period (30.06.2023)	Prior Period (31.12.2022)
Legal reserves that was allocated to be in compliance with the decisions made on the Annual General Assembly	2.088.274	2.088.274
Retained earnings	-	-
Accumulated losses	-	-
Foreign currency capital exchange difference	-	-
Total	2.088.274	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 (30.06.2023)		Prior Period (31.12.2022)	
	TL	FC	TL	FC
From associates, subsidiaries and jointly controlled entities (joint ventures)	10.931	-	1.467	-
Valuation difference	77.678	(49.488)	175.060	(11.919)
Foreign exchange difference	-	-	-	-
Total	88.609	(49.488)	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 (30.06.2023)	Prior Period (31.12.2022)
Forward asset purchase and sales commitments	153.433	533.977
Other irrevocable commitments	331.640	133.913
Total	485.073	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 June 2023, the first stage expected loss provision for non-compensated and non-cashed non-cash loans is TL 71.699 (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 602.574 (31 December 2022: TL 441.565) and letters of credit amounting to TL 191.737 (31 December 2022: TL 118.700). The Bank has no bank acceptances as of the current period.

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

Total amount of the Bank's letters of guarantee are TL 3.330.604 (31 December 2022: TL 2.481.196). TL 1 (31 December 2022: TL 1) of this amount is letters of guarantee given to customs and other part is definite letters of guarantees.

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

	Current Period (30.06.2023)	Prior Period (31.12.2022)
Non-cash loans for providing cash loans	602.574	441.565
With original maturity of one year or less	-	-
With original maturity more than one year	602.574	441.565
Other non-cash loans	3.522.341	2.599.896
Total	4.124.915	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 June 2023 and 31 December 2022.

	Current Period (30.06.2023)				Prior Period (31.12.2022)			
	Forward Purchase	Forward Sale	Swap Purchase	Swap Sale	Forward Purchase	Forward Sale	Swap Purchase	Swap Sale
TL	-	-	2.930.595	9.424.258	-	-	4.004.626	7.543.854
USD	-	-	9.574.800	3.764.860	-	-	7.161.779	3.405.293
EUR	-	-	1.578.163		-	-	1.473.318	1.679.383
Other	-	-	-	-	-	-	-	-
Total	-	-	14.083.558	13.189.118	-	-	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 Luxembourg Investment Company Fund) is founded as a stock company having variable capital and subject to laws of Luxembourg. 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 15.625 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 9.375 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 107.782 and as of the balance sheet date, TL 322.218 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 (30.06.2023)		Prior Period (30.06.2022)	
	TL	FC	TL	FC
Interest on loans^(*)				
Short term loans	-	-	223	3.041
Medium and long term loans	685.982	2.297.919	301.654	849.080
Interest on non-performing loans	155.048	-	36.384	-
Premiums received from resource utilization support fund	-	-	-	-
Total	841.030	2.297.919	338.261	852.121

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

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

	Current Period (30.06.2023)		Prior Period (30.06.2022)	
	TL	FC	TL	FC
From Central Bank of the Republic of Türkiye	-	-	-	-
From domestic banks	1.169.678	10.891	305.110	13.143
From foreign banks	-	1.602	-	40
From foreign head offices and branches	-	-	-	-
Total	1.169.678	12.493	305.110	13.183

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

	Current Period (30.06.2023)		Prior Period (30.06.2022)	
	TL	FC	TL	FC
Financial assets measured at fair value through profit and loss	-	-	-	-
Financial assets measured at fair value through other comprehensive income	280.103	168.484	250.993	61.900
Financial assets measured at amortised cost	657.505	124.612	502.291	76.982
Total	937.608	293.096	753.284	138.882

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

None.

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

	Current Period (30.06.2023)		Prior Period (30.06.2022)	
	TL	FC	TL	FC
Money market transactions	827.109	787	158.686	-
Reverse repurchase agreements	403	-	283	-
Total	827.512	787	158.969	-

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 (30.06.2023)		Prior Period (30.06.2022)	
	TL	FC	TL	FC
Banks(*)	577.995	75.140	222.055	757
Central Bank of the Republic of Türkiye	577.995	-	222.055	-
Domestic banks	-	-	-	122
Foreign banks	-	75.140	-	635
Foreign head office and branches	-	-	-	-
Other Institutions(*)	458.749	1.765.856	421.629	497.406
Total	1.036.744	1.840.996	643.684	498.163

(*) 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 (30.06.2023)		Prior Period (30.06.2022)	
	TL	FC	TL	FC
Interests paid on securities issued	-	72.962	-	-

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

	Current Period (30.06.2023)		Prior Period (30.06.2022)	
	TL	FC	TL	FC
Money market transactions	68	-	28	-
Repurchase agreements	140.904	-	95.803	-
Total	140.972	-	95.831	-

2.d) Leasing interest expenses:

	Current Period (30.06.2023)		Prior Period (30.06.2022)	
	TL	FC	TL	FC
Immovables	687	-	1.027	-
Movables	923	-	87	-
Total	1.610	-	1.114	-

3. Information related to dividend income:

	Current Period (30.06.2023)	Prior Period (30.06.2022)
Financial assets measured at fair value through profit and loss	1.779	-
Financial assets measured at fair value through other comprehensive income	991	3.475
Other	-	69
Total	2.770	3.544

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 (30.06.2023)	Prior Period (30.06.2022)
Gain	3.371.607	1.179.837
Gains on capital market transactions	95.330	20.907
Gains on derivative financial transactions	3.207.025	1.041.543
Foreign exchange gains	69.252	117.387
Loss (-)	(3.379.641)	(1.200.624)
Losses from capital market transactions	(11.336)	(9.118)
Losses on derivative financial transactions	(1.404.215)	(886.050)
Foreign exchange losses	(1.964.090)	(305.456)

5. Information related to other operating income:

	Current Period (30.06.2023)	Prior Period (30.06.2022)
Income from sale of assets	69.454	17.224
Reversals from prior years' provisions	72.838	25.972
Other	12.966	29.933
Total	155.258	73.129

In general, the Bank's other operating income consists of cancellations of expected loss provisions, share depreciation provisions allocated in previous years and income from sales of assets.

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

	Current Period (30.06.2023)	Prior Period (30.06.2022)
Expected credit loss provisions	252.127	155.595
12 month expected credit loss (Stage 1)	180.736	75.888
Significant increase in credit risk (Stage 2)	42.113	14.527
Non-performing Loans (Stage 3)	29.278	65.180
Marketable securities impairment expense	-	43.931
Financial assets measured at fair value through profit or loss	-	43.526
Financial assets measured at fair value through other comprehensive income	-	405
Subsidiaries, associates and joint ventures provision expenses for impairment	-	-
Associates	-	-
Subsidiaries	-	-
Joint ventures	-	-
Other provision expenses ^(*)	86.408	47.108
Total	338.535	246.634

^(*) Other provision expenses amounting TL 11.125 consist of provision expenses for employee termination benefits and vacation liabilities (30 June 2022: TL 13.170), TL 67.831 consists of provision expenses within the scope of TAS 19 (30 June 2022: TL 33.713), while TL 507 consists of provision for litigation expenses (30 June 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 (30.06.2023)	Prior Period (30.06.2022)
Provision for employee termination benefits ^(*)	7.232	8.816
Provision expense for bank social aid fund deficits	-	-
Fixed assets impairment charges	-	-
Depreciation charges of fixed assets	10.036	5.051
Intangible assets impairment charges	-	-
Goodwill impairment charges	-	-
Amortization charges of intangible assets	3.268	2.563
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	43.912	18.269
Leasing expenses related to TFRS 16 exceptions	94	59
Maintenance expenses	366	117
Advertisement expenses	56	31
Other expenses ^(**)	43.396	18.062
Loss on sale of assets	-	-
Other ^(***)	162.670	15.515
Total	227.118	50.214

^(*) 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 1.603 from cleaning expenses (30 June 2022: TL 804), TL 5.659 from communication expenses (30 June 2022: TL 3.963), TL 11.050 from computer usage expenses (30 June 2022: TL 3.328), TL 1.010 from heating, lighting and water expenses (30 June 2022: TL 260), TL 9.257 from vehicle expenses (30 June 2022: TL 4.239), TL 1.058 from subscription fees (30 June 2022: TL 677), TL 4.660 from participation in common expenses (30 June 2022: TL 2.473), TL 2.245 from insurance expenses (30 June 2022: TL 1.305), TL 5.083 from sundry expenses (30 June 2022: TL 89) and TL 1.771 remaining portion (30 June 2022: TL 924) consists of other miscellaneous expenses.

^(***) TL 32.287 of the other is from taxes, duties, fees and fund expenses (30 June 2022: TL 7.746), TL 9.487 from audit and consultancy fees (30 June 2022: TL 4.121), TL 4.838 from BRSA participation share (30 June 2022: TL 2.807), TL 110.411 from extraordinary expenses (30 June 2022: None) and the remaining part amounting to TL 5.647 (30 June 2022: TL 841) consists of other miscellaneous expenses.

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

The Bank's profit before tax from its operations in the interim accounting period ending on 30 June 2023 is TL 2.470.642 (30 June 2022: TL 976.461). Bank has no discontinued operations.

9. Information related to tax provisions for taxes:

In the interim period ended on 30 June 2023, the Bank's income tax provision from continuing operations amounting to TL 559.440 (30 June 2022: TL 243.292) consists of TL 369.286 of current tax charge (30 June 2022: TL 298.052) and TL 190.154 of deferred tax expense effect (30 June 2022: Deferred tax income effect TL 54.760).

10. Information related to net operating income after taxes:

The Bank has earned net profit of TL 1.911.202 from continuing operations between 1 January 2023-30 June 2023 (1 January 2022-30 June 2022 : TL 733.169).

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 June 2023 is TL 31.015 (30 June 2022: TL 7.502). TL 14.742 (30 June 2022: TL 3.000) of this amount consists of investment banking service revenues and TL 5.400 (30 June 2022: TL 1.435) from CBRT investment advance commissions.

The total amount of other fees and commissions given in the statement of profit or loss as of 30 June 2023 is TL 22.505 (30 June 2022: TL 9.865). TL 7.648 (30 June 2022: TL 2.700) of this amount is credit guarantee fund limit commissions, TL 9.835 (30 June 2022: 3.759 TL) of this amount is stock market transaction commissions and TL 1.771 (30 June 2022: TL 2.054) is listing fees.

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.

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)

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 amount of benefits provided to the top management of the Bank is TL 20.013 (30 June 2022: TL 9.410).

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 June 2023 have been reviewed by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. and the review report dated 28 July 2023 is presented at the beginning of the financial statements and related notes.

II. Explanations and Notes Related to Subsequent Events:

Article 32 of the Corporate Tax Law No. 5520, which regulates the corporate tax rate is amended with “Law on the Amendment of Additional Motor Vehicles Tax for Compensation of Economic Losses Caused by the Earthquakes Occurring on 6/2/2023 and Amendments to Some Laws and the Decree Law No. 375” , which includes the regulation on increase in corporate tax rate from 20% to 25% for the institutions other than banks and financial institutions and from 25% to 30% for banks and financial institutions, entered into force after being published in the Official Gazette dated 15 July 2023 and numbered 32249. With the same article (article 21) of the aforementioned law, it is ensured that the corporate tax rate, which was applied with a reduction by 1 point to the earnings of the exporting companies exclusively from exports, is applied with a reduction by 5 points in order to promote export.

This amendment will be effective for the earnings of the corporations in 2023 and for the following tax periods, starting from the declarations that must be submitted after 1 October 2023. It will be effective in the tax calculation of the profits of the institutions subject to the special accounting period, obtained in the special accounting period starting in the 2023 calendar year and in the following taxation periods.

This matter is considered as a non-adjusting event after the reporting period within the scope of TAS 10 “Events After the Reporting Period”. If the Bank's first six months period tax was calculated over the new rate, it would had an effect of TL 6.342 increase in deferred tax liability, TL 73.857 increase in current tax liability, TL 6.342 increase in deferred tax expense.

SECTION SEVEN

INTERIM ACTIVITY REPORT :

I. Chairman’s Assessment

As whole country, we experienced the disaster of the century last February. I wish God's mercy on our citizens who lost their lives in this big earthquake disaster and I wish a quick recovery to all the injured. I hope that our country will never experience such a great pain again. I would like to state that we will continue to fulfill our responsibilities for the reconstruction of the region.

Although global economic activity realized more positively than expected in the first quarter of 2023, recession concerns continued in developed countries due to geopolitical risks and the impact of tight monetary policies of global central banks.

Despite the ongoing global recession concerns and the disaster of the century experienced in February, the Turkish economy maintained its growth performance with an annual rate of 4 percent in the first quarter of 2023. Indicators for the second quarter show that economic activity in the earthquake zone has recovered faster than expected and the Turkish economy has maintained its strong course.

Our Bank, which adopts production and encouraging investors as a principle for the development of our country, continues to take responsibility for Türkiye’s sustainable growth in the second quarter of 2023. During this period, our Bank’s assets increased by 72 percent compared to the same period last year, and our operating income increased by 138 percent. The amount of our loans, which constitute 68 percent of our total assets, reached TL 82,7 billion in June 2023, an increase of 37 percent compared to the end of the previous year, and our second-quarter profit was TL 1,9 billion. The capital adequacy rate was 15,33 percent.

In line with the goals and future of our country, our Bank will continue to be the most important players in the development-oriented growth journey of our country, and to be on the side of investors with the resources it provides domestically and internationally, and be a supporter of sustainable development projects, especially green energy and energy efficiency, in line with our national interests.

Dr. Raci KAYA
Chairman of the Board

SECTION SEVEN (Continued)

INTERIM ACTIVITY REPORT (Continued)

II. CEO and Board Member's Assessment:

As we enter the year 2023, we were shocked by the sad earthquake disaster that occurred in Kahramanmaraş in February. I wish that our country will never face such great sufferings again, I wish mercy to all our citizens who lost their lives, and I wish urgent healing to our injured citizens. As a Bank, I would like to emphasize that we will continue our support to the earthquake zone in the coming periods.

The global economy recorded a more positive performance in the first quarter of 2023 than predicted at the beginning of the year. The gradual decline in inflation, reopening of China, decline in food and energy prices, despite the volatility seen in the US and European banking sectors in March, have helped to reduce the slowdown in the global economy. Despite the earthquake disaster that occurred in February, the Turkish economy continued its uninterrupted growth by 4 percent growth rate in the first quarter of the year. The data for the second quarter of the year show that the Turkish economy maintains its growth trend with the support of domestic demand.

As of June 2023, the assets of our Bank increased by 33 percent compared to the end of the previous year and reached TL 121,9 billion. Our loans, which make up 68 percent of our total assets, reached TL 82,7 billion and increased by 37 percent compared to the same period of the previous year. On the other hand, our six month profit increased by 161 percent compared to the same period of the previous year and reached TL 1,9 billion.

While continuing to provide resources to our country from abroad in the first half of the year, the Bank continues to increase its cooperation opportunities with international financial institutions in line with sustainable and inclusive development goals. Within the scope of the agreements made, EUR 101 million and USD 129 million of resource inflows were provided to our country in the first half of the year. Moreover, Ministry of Treasury and Finance of Türkiye signed a Climate Finance Loan and Grant agreement amounting to EUR 110 million with the German Development Bank (KfW) in order to be used by our Bank.

Within the scope of its activities in the field of investment banking, our Bank carried out an initial public offering of restaurant chain Big Chefs in the amount of TL 832,5 million in the first half of the year. Our Bank also mediated the issuance of sukuk (lease certificate) amounting to TL 170 million by Tarfin, which brings the agricultural ecosystem together with technology, TL 50 million by Altınmarka which is a cocoa and coffee producer, and TL 100 million by Biotrend which operates in the field of integrated waste management and energy production. I would like to state that we have been awarded the first prize in the Best Sukuk Issuer and Best Green Project Financing categories of the International Finance Awards 2023 organized by International Finance with the projects we have mediated for export in 2022. As in every period, our Bank has successfully continued its services in the field of investment banking during this period.

Our Bank made the first investment of our Regional Development Fund, which is managed under the Turkish Development Fund, of which our Bank is the founder, to Appsilon Enterprise, which produces diamonds in a laboratory environment. In the last quarter of 2022, the first three investments were made DefensX which is a cyber security company, Syntonym which offers visual data anonymization solutions, and Clay Token which develops online games, from our Invest101 fund which was established together with METU Teknokent and targets early stage initiatives. In addition, especially from our innovative and advanced technologies fund, which focuses on defense industry initiatives, investments have been made in Beam Technology companies operating in the field of cyber security and Simularge companies offering industrial digital solutions. Again, the Development Fund of Türkiye makes an important contribution to Turkish venture capital with the investments made to Wask which operates in the field of digital marketing, and Fazla company that carry out their work in the field of holistic resource management. The Development Fund of Türkiye, which has made a total of 14 direct investments and 5 fund of funds investments so far through the sub-funds it has launched, has also played an important role in the development of the venture ecosystem.

SECTION SEVEN (Continued)

INTERIM ACTIVITY REPORT (Continued)

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

Within the framework of the Risk Sharing Mechanism (RPM) program for geothermal resources, which continues under the management of our Bank, two projects were completed and a total of USD 5 million grant support was provided to the beneficiaries. With this project, we continue to support the development of our country's geothermal resources.

Continuing its sustainability and environment-oriented activities in development and investment banking activities, our Bank's direct and indirect contribution to the United Nations Sustainable Development Goals has reached about 80 percent as of today. The entire portfolio of our Bank is subjected to the Environmental and Social Risk Assessment process. In line with our sustainable banking approach, approximately 80 percent of our portfolio contributes directly or indirectly to the United Nations Sustainable Development Goals. With the technical support provided by the German Development Bank (KfW), we started to work on further strengthening our Environmental and Social Risk Assessment practices in line with international standards. In addition, our Bank was named among the "Best Banks" in the Most Admired ESG Companies List and has been awarded the title of 'ESG Industry Top Rated' and 'ESG Regional Top Rated' in two different categories, where approximately 15 thousand institutions worldwide are evaluated by Sustainalytics in January. 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. With the achievements we had, our Bank has once again proven that sustainability is the main focus in all of its activities.

Our Corporate Governance Rating, announced by SAHA Corporate Governance and Credit Rating Services, which makes ratings in accordance with the Corporate Governance Principles of the Capital Markets Board (CMB) in Türkiye, 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 demonstrated that it has substantially complied with the CMB's Corporate Governance Principles and that it maintains the necessary policies and measures at world standards.

Our Bank, which will continue to support development-oriented investments; in line with its goals and plans in the fields of development and investment banking, it will continue to contribute to the country's economy in the future as it does today.

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 (30.06.2023)	Prior Period (31.12.2022)
Total Assets	121.896.289	91.598.152
Financial Assets	30.029.175	24.342.943
Loans	82.742.307	60.340.295
Lease Receivables	67	1
Other Financial Assets Measured at Amortised Cost	10.049.189	7.562.223
Expected Loss Provisions (-)	1.234.060	1.109.620
Loans Obtained-Funds	96.794.326	71.758.553
Money Market Debts - Securities Issued	5.470.301	4.978.999
Subordinated Debt Instruments	9.384.429	6.947.336
Equity (Including Profit)	8.629.097	6.843.382

Profit / Loss (Thousand TL)	Current Period (30.06.2023)	Prior Period (30.06.2022)
Interest Income (Net)	3.016.304	1.280.338
Non-Interest Income/Expense (Net)	(545.662)	(303.877)
Tax Provision (-)	559.440	243.292
Net Profit / Loss	1.911.202	733.169

Ratios (%)	Current Period (30.06.2023)	Prior Period (31.12.2022)
Total Loans / Total Assets	67,9	65,9
Loans Under Follow-Up / Total Loans	1,0	1,5
Equity / Total Assets	7,1	7,5
Loans Obtained / Total Liabilities	74,7	69,1
Capital Adequacy Ratio	15,3	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 April-June 2023 period, the Board of Directors held 3 meetings and took a total of 49 decisions, 3 of which were interim decisions and 46 of which were decisions.

3. Audit Committee

Name Surname	Duty
Dr. Turgay GEÇER	Chairman of the Audit Committee
Erdal ERDEM	Deputy Chairman of the Audit Committee
Ömer KARADEMİR	Audit Committee Member

In the April-June 2023 period, the Audit Committee held 3 meetings and took 9 decisions.

SECTION SEVEN (Continued)

INTERIM ACTIVITY REPORT (Continued)

IV. Bank Management (Continued):

4. Corporate Governance Committee

Name Surname	Duty
Erdal ERDEM	Chairman of Corporate Governance Committee
Ömer KARADEMİR	Deputy Chairman of the Corporate Governance Committee
Metin YILMAZ	Corporate Governance Committee Member

5. Pricing Committee

Name Surname	Duty
Erdal ERDEM	Chairman of the Pricing Committee
Onur GÖK	Pricing Committee Member

The Pricing Committee did not convene in the April-June 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

(*) Since it covers all real and legal persons and shares of these partners are traded on Borsa Istanbul, the number of partners is unknown.

VI. Activities of the Bank in II Term of 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 June 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 June 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 in II Term of 2023 (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 June 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 June 2023, a loan amounting to USD 139 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).

Efforts are underway to obtain EUR 100 million Climate loan from the German Development Bank (KfW). The loan agreement was signed on 6 April 2023.

Efforts are underway to obtain EUR 5 million SME loan from the Black Sea Trade and Development Bank (BSTDB). The loan is planned to be signed in the third quarter of 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. 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.

International Rating Agency Fitch Ratings revised our Bank's rating to B and outlook to "Negative" on 18 April 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 funds 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.

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 implementation efforts of the second and third rounds of this project are ongoing. A contract has been signed with 1 of the projects remaining on the second round shortlist, and site preparation works for drilling are continuing. Contract preparation works related to other projects are ongoing.

With the approval of the World Bank, it has been decided to open the third round of RSM applying applications. Third round application was launched with a Consultation Workshop held online on 11 April 2023. Geothermal energy investors, consultants, academicians and employees of the project implementation unit participated in the Consultation Workshop organized. In the workshop, the schedule and scope of the RSM third round application program were introduced.

SECTION SEVEN (Continued)

INTERIM ACTIVITY REPORT (Continued)

VI. Activities of the Bank in II Term of 2023 (Continued)

Project Activities, Consultancy and Technical Assistance Services (Continued)

Declaration of Intent (EoI) applications were received after the workshop. It application process, which lasted until 12 May 2023, 31 applications were submitted, and as a result of the evaluation, a total of 16 geothermal exploration projects of 8 different investors were shortlisted. A one-day training organized online on 7 June 2023 was provided for the shortlisted projects. Within the scope of the training, the technical and environmental-social requirements of the RPM implementation program, as well as the experiences gained from the project were conveyed, and investors' questions about the implementation were answered. The full application process of the project owners who have been shortlisted after the training has started. According to the project calendar, full applications will be received until 14 July 2023, and then the evaluation phase will be started.

In addition, in order to participate as a partner in the Hydrogen Valley projects within the scope of the EU Horizon Europe Program and in the newly opened project calls, our Bank participated in meetings related to the invitation of Tubitak- EU Framework Programs Directorate. As a result of the online meetings held with the project coordinator company and Tubitak, our Bank participated as a partner in a project application prepared for the Hydrogen Valley call, which was opened in 2023. The relevant project application was submitted on 18 April 2023 and our Bank informed the project coordinator that it will provide consultancy in feasibility studies within the scope of the project, transportation consultancy 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. Our Bank's Engineering, Sectoral Research and Merger and Acquisition units' representatives has been attended to the Hydrogen Ecosystem Cooperation meeting held at the Tubitak Gebze campus on 14 June 2023.

Within the scope of the Sustainable Eurobond issuance agreement signed with the French Development Agency (AFD), a Technical Assistance Program was launched to improve our Bank's gender equality practices. Within the scope of the program, it is aimed to raise gender equality awareness of our Bank and to make improvements towards gender equality in its operational processes.

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 loan is EUR 316 million, and the second component of 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 call for project proposals for the Registered Employment Creation Project (Kayist) Grant Program originating from the European Union FRIT-II Fund was announced on 17 December 2022 with a budget of EUR 70 million and Project applications were received until the deadline of the call 14 March 2022 then the process has been completed. In the application evaluation phase of the grant program, the "Administrative and Compliance Check" process and the "Technical and Financial Evaluation" process were completed. The evaluation process of grant applications continues with the "Environmental and Social Evaluation" phase. It is planned to sign a contract in the third quarter of 2023 with the applicants who are entitled to receive grants.

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

SECTION SEVEN (Continued)

INTERIM ACTIVITY REPORT (Continued)

VI. Activities of the Bank in II Term of 2023 (Continued) :

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

As of 31 December 2022, a total of TL 12,6 million funds were transferred to 28 projects. In the final project list for 2023, a total of 24 projects, 19 CPF and 5 CQP, were entitled to be supported. The signing phase with the beneficiary institutions continues.

Crediting Activities

In the period of April-June 2023, loan applications of TL 1.520 million, EUR 124 million and USD 200 million from 34 companies were accepted to our Corporate Banking and Project Finance Department, with a total value of TL 10.089 million. 48% (TL 4.889 million) of these applications belong to the manufacturing industry, 41% (TL 4.138 million) to the energy sector and 11% (TL 1.062 million) to the service sector.

In the period of April-June 2023, 17 companies were provided with cash loans amounting to TL 342 million, EUR 41 million and USD 35 million, with a total value of TL 2.031 million as of the loan disbursement dates. 64% (TL 1.300 million) of these applications belong to the manufacturing industry 16% (TL 316 million) to the energy sector, and 20% (TL 415 million) to financial institutions.

In the period of April-June 2023, 3 companies were provided with non-cash loans to EUR 909 thousand and TL 3.039 thousand with a total value of TL 22.443 thousand as of the loan disbursement dates. Among the non-cash loans provided, 86% (TL 19.404 thousand) belong to the manufacturing industry, and 14% (TL 3.039 thousand) 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.

In accordance with the Capital Markets Board's decision dated 10 January 2019 and numbered 2/49, the Corporate Governance Compliance Report made in accordance with the Corporate Governance Communiqué No. II-17.1 is made using the Corporate Governance Compliance Report (URF) and Corporate Governance Information Form (KYBF) templates.

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

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 April-June 2023 period, 1 information requests were answered within the scope of the Shareholders' Use of their Right to Obtain Information.

SECTION SEVEN (Continued)

INTERIM ACTIVITY REPORT (Continued)

VII. Corporate Governance Principles Compliance Report (Continued)

2. Capital Increase and General Assembly Information:

The Ordinary General Assembly Meeting for the year 2022 has not been held yet as of the report publication date.

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 April - June 2023 period:

Within the scope of the Regulation on the Principles and Procedures Regarding the Right to Information Law No. 4982 and its Implementation, 2 applications were 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 April - June 2023.

4. Special Condition Disclosures

Notifications are made in a timely manner in cases requiring special disclosure. During the period of April - June 2023, 22 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.