

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Unconsolidated Financial Statements
As at and For the Year Ended 31 December 2022
With Independent Auditor's 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 Report Originally
Prepared and Issued in Turkish to English**

To the Shareholders of Türkiye Kalkınma ve Yatırım Bankası Anonim Şirketi

A) Audit of the Unconsolidated Financial Statements

Opinion

We have audited the unconsolidated financial statements of Türkiye Kalkınma ve Yatırım Bankası Anonim Şirketi ("the Bank") which comprise the unconsolidated balance sheet as at 31 December 2022 and the unconsolidated statement of profit or loss, unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in shareholders' equity, unconsolidated statement of cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying unconsolidated financial statements present fairly, in all material respects, the unconsolidated financial position of Türkiye Kalkınma ve Yatırım Bankası Anonim Şirketi as at 31 December 2022, and its unconsolidated financial performance and its unconsolidated cash flows for the year then ended in accordance with the "Banking Regulation and Supervision Agency ("BRSA") Accounting and Reporting Legislation" which includes the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette No. 26333 dated 1 November 2006, and other regulations on accounting records of banks published by Banking Regulation and Supervision and circulars and interpretations published by BRSA and requirements of Turkish Financial Reporting Standards ("TFRS") for the matters not regulated by the aforementioned legislations.

Basis for Opinion

We conducted our audit in accordance with the "Regulation on Independent Audit of the Banks" ("BRSA Auditing Regulation") published in the Official Gazette No.29314 dated 2 April 2015 by BRSA and Standards on Auditing which is a component of the Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA") ("Standards on Auditing issued by POA"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements* section of our report.



We declare that we are independent of the Bank in accordance with the Code of Ethics for Auditors issued by POA (*including Independence Standards*) ("POA's Code of Ethics") and the ethical requirements in the regulations issued by POA that are relevant to audit of unconsolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with the POA's Code of Ethics and regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of loans measured at amortised cost

Refer to Section III, Note IX to the unconsolidated financial statements relating to the details of accounting policies and significant judgments of for impairment of loans measured at amortised cost.

<i>Key audit matter</i>	<i>How the matter is addressed in our audit</i>
<p>As of 31 December 2022, loans amount comprise 66% of Bank's total assets.</p> <p>The Bank recognizes its loans measured at amortised cost in accordance with the Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside (the "Regulation") published on the Official Gazette No. 29750 dated 22 June 2016 which became effective on 1 January 2018 and TFRS 9 Financial Instruments standard ("Standard").</p> <p>As of 1 January 2019, due to the new adoption of the Standard, in determining the impairment of financial assets the Bank started to apply "expected credit loss model" instead of the "incurred loss model". The new model contains significant assumptions and estimates.</p> <p>The significant assumptions and estimates of the Bank's management are as follows:</p> <ul style="list-style-type: none"> • determination of significant increase in credit risk since initial recognition of loans in financial statements. • incorporating the forward looking macroeconomic information in calculation of credit risk. 	<p>Our procedures for auditing the impairment of loans measured at amortised cost include below:</p> <ul style="list-style-type: none"> • We tested the design and operating effectiveness of the controls on lending, collateralization, collection, follow-up, classification and impairment procedures are tested with the involvement of information risk management specialists. We evaluated the adequacy of the subjective and objective criteria that is defined in the Bank's impairment accounting policy compared with the Regulation and Standard. • We evaluated the model and methodology and the evaluation of the calculations carried out with the control testing and detail analysis by the involvement of specialists. • We performed loan reviews for selected loan samples which include a detailed examination of loan files and related information and testing their classification. In this context, the current status of the loan customer has been evaluated prospective information and macroeconomic variables.

<ul style="list-style-type: none"> • design and implementation of expected credit loss model. <p>The determination of the impairment of loans measured at amortised cost depends on the credit default status, the model based on the change in the credit risk at the first recognition date and the classification of the loans measured at amortised cost according to the model. Establishing an accurate classification is a significant process as the calculation of expected credit loss varies to the staging of the financial assets.</p> <p>The Bank calculates expected credit losses on both an individual and a collective basis. Individual provisions consider the estimated future performance of the business and the fair value of the collateral provided for credit transactions.</p> <p>The collective basis expected credit loss calculation is based on complex processes which are modelled by using current and past data sets and expectations. The completeness and accuracy of data sets in the model are also considered and the forward looking expectations are reflected by macroeconomic models.</p> <p>Impairment on loans measured at amortised cost is determined as a key audit matter, due to the significance of the estimates, assumptions, the level of judgements and its complex structure as explained above.</p>	<ul style="list-style-type: none"> • We evaluated the accuracy of the expected credit loss calculations for the loans which are assessed on individual basis on the assumptions and estimates. • We tested the accuracy and completeness of the data in the calculation models for the loans which are assessed on collective basis. The expected credit loss calculation was tested through recalculation. The models used for the calculation of the risk parameters were examined and the risk parameters for the selected sample portfolios were recalculated. • We assessed the macroeconomic models that are used to reflect forward looking expectations and tested the effect of the risk parameters by recalculation method. • We evaluated the qualitative and quantitative assessments which are used in determining the significant increase in credit risk. • We evaluated the adequacy of the disclosures in the unconsolidated financial statements related to impairment provisions.
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Responsibilities of Management and Those Charged with Governance for the Unconsolidated Financial Statements

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

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



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

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

Responsibilities of auditors in an audit are as follows:

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

As part of an audit in accordance with BRSA Auditing Regulation and Standards on Auditing issued by POA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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

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

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

B) Report on Other Legal and Regulatory Requirements

1) Pursuant to the fourth paragraph of Article 402 of the Turkish Commercial Code ("TCC") numbered 6102; no significant matter has come to our attention that causes us to believe that the Bank's bookkeeping activities for the period 1 January - 31 December 2022 are not in compliance with TCC and provisions of the Bank's articles of association in relation to financial reporting.

2) Pursuant to the fourth paragraph of Article 402 of the TCC; the Board of Directors provided us the necessary explanations and required documents in connection with the audit.

Additional paragraph for convenience translation to English:

The accounting principles summarized in Note I Section Three, differ from the accounting principles generally accepted in countries in which the accompanying unconsolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS"). Accordingly, the accompanying unconsolidated financial statements are 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 financial statements and IFRS.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

Orhan Akova
Partner, SMMM

9 February 2023
İstanbul, Türkiye


**THE UNCONSOLIDATED FINANCIAL REPORT OF
TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş. AS OF 31 DECEMBER 2022**

The Headquarters Address	Saray Mahallesi Dr.Adnan Büyükdeniz Cad. No:10 Ümraniye / İSTANBUL
Telephone and Facsimile	Tel : 0 216 636 87 00 Faks: 0 216 630 18 15
Website Address	http://www.kalkinma.com.tr
E-mail Address	muhassebe@kalkinma.com.tr

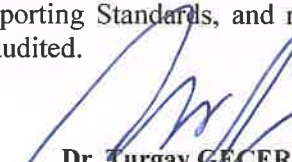
The unconsolidated financial report for the year ended prepared in accordance with the the “Communiqué on Financial Statements to be Disclosed to Public by Banks and Explanations and Footnotes Thereof” as regulated by Banking Regulation and Supervision Agency, consists of the following sections:

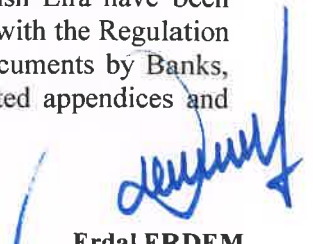
- GENERAL INFORMATION ABOUT THE BANK
- UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK
- EXPLANATIONS ON THE CORRESPONDING ACCOUNTING POLICIES APPLIED IN THE RELATED PERIOD
- INFORMATION ON THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE BANK
- DISCLOSURES AND NOTES TO THE UNCONSOLIDATED FINANCIAL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

The accompanying unconsolidated financial statements and notes to these financial statements for the year ended 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 audited.


Dr. Raci KAYA
Chairman of the Board


İbrahim H. ÖZTOP
CEO and Board Member

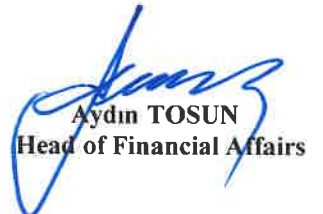

Dr. Turgay GEÇER
Chairman of Audit Committee


Erdal ERDEM
Deputy Chairman of Audit Committee


Salim Can KARAŞIKLI
Member 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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TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.**Notes to the Unconsolidated Financial Statements as of 31 December 2022**

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

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 Turkey Ministry of Treasury and Finance	2.477.038	99,08	2.477.038	-
Other Shareholders(*)	22.962	0,92	22.962	-
Total	2.500.000	100,00	2.500.000	-

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

SECTION ONE (Continued)

GENERAL INFORMATION (Continued)

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

Chairman and Members of the Board of Directors:

Name Surname	Duty	Assignment Date	Education Level	Experience in Banking Sector (Years)
Dr. Raci KAYA	Chairman of the Board	09.11.2020	Doctorate	33
Ömer KARADEMİR(*)	Deputy Chairman of the Board	25.03.2022	Master's Degree	16
İbrahim H. ÖZTOP	CEO and Board Member	13.12.2018	Master's Degree	26
Salim Can KARAŞIKLI	Board Member	13.12.2018	Bachelor's Degree	28
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	11

(*) Deputy Chairman of the Board of Directors Hakan ERTÜRK resigned from his position as a member of the Board of Directors as of 21 June 2022. With the decision of the Bank's Board of Directors dated 21 June 2022, Onur GÖK was elected to the vacant member of the Board of Directors and Ömer KARADEMİR was elected as the Deputy Chairman of the Board of Directors.

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	26
Satı BALCI	EVP / Subsidiaries and Corporate Relations, Loan Operations, Treasury and Capital Markets Operations, Turkey 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	23
Emine Özlem CİNEMRE	EVP / Treasury, Financial Institutions, Development Finance Institutions, Development Cooperation and Wholesale Banking	20.05.2019	Bachelor's Degree	35
Ali YUNUSLAR	EVP / IT Application Development, IT System and Infrastructure, Enterprise Architecture and Project Management	08.02.2022	Master's Degree	21
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	17

(*) Yeşim ŞİMŞEK was appointed as Executive Vice President with the decision of the Bank's Board of Directors dated 27 May 2022.

(**) Executive Vice President Ufuk Bala YÜCEL resigned from her position as of 31 May 2022 due to retirement.

(***) With the decision of the Bank's Board of Directors dated 31 August 2022, Muzaffer Gökhan SONGÜL was appointed as Executive Vice President.

(**) With the decision of the Bank's Board of Directors dated 7 October 2022, the resignation request of Executive Vice President Zekai İŞILDAR was accepted.

(****) With the decision of the Bank's Board of Directors dated 7 October 2022, Nuri Yasin KÜLAHÇI was appointed as Executive Vice President.

GENERAL INFORMATION (Continued)

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

Chief Internal Inspector:

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

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

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

Republic of Turkey 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
- VII.** Statement of Profit Distribution

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.
Unconsolidated Balance Sheet (Statement of Financial Position) as of 31 December 2022

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

I. BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)	Notes (Section Five I)	Audited Current Period 31 December 2022			Audited Prior Period 31 December 2021		
		TL	FC	TOTAL	TL	FC	TOTAL
ASSETS							
I. FINANCIAL ASSETS (NET)	(1)	18.032.182	6.310.761	24.342.943	4.932.631	3.488.917	8.421.548
1.1 Cash and Cash Equivalents		14.388.882	986.195	15.375.077	3.939.038	328.579	4.267.617
1.1.1 Cash and Balances with Central Bank		835	-	835	2.051	-	2.051
1.1.2 Banks		7.771.783	986.195	8.757.978	2.950.096	328.579	3.278.675
1.1.3 Money Markets		6.634.417	-	6.634.417	993.282	-	993.282
1.1.4 Expected Credit Loss (-)		(18.153)	-	(18.153)	(6.391)	-	(6.391)
1.2 Financial Assets Measured at Fair Value Through Profit or Loss		132.363	157.466	289.829	7.124	213.743	220.867
1.2.1 Government Securities		-	-	-	-	-	-
1.2.2 Equity Securities		132.363	157.466	289.829	-	213.743	213.743
1.2.3 Other Financial Assets		-	-	-	7.124	-	7.124
1.3 Financial Assets Measured at Fair Value Through Other Comprehensive Income		3.479.843	5.167.100	8.646.943	986.104	2.946.595	3.932.699
1.3.1 Government Securities		2.346.094	3.580.286	5.926.380	959.627	1.720.811	2.680.438
1.3.2 Equity Securities		17.174	-	17.174	16.477	-	16.477
1.3.3 Other Financial Assets		1.116.575	1.586.814	2.703.389	10.000	1.225.784	1.235.784
1.4 Derivative Financial Assets		31.094	-	31.094	365	-	365
1.4.1 Derivative Financial Assets Measured at Fair Value Through Profit or Loss		31.094	-	31.094	365	-	365
1.4.2 Derivative Financial Assets Measured at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
II. FINANCIAL ASSETS MEASURED AT AMORTISED COST (NET)	(2)	12.915.909	53.876.990	66.792.899	2.613.432	37.092.441	39.705.873
2.1 Loans		10.460.592	49.879.703	60.340.295	3.239.180	34.244.039	37.483.219
2.2 Lease Receivables		1	-	1	-	-	-
2.3 Factoring Receivables		-	-	-	-	-	-
2.4 Other Financial Assets Measured at Amortised Cost		3.564.936	3.997.287	7.562.223	163.990	2.848.402	3.012.392
2.4.1 Government Securities		3.564.936	3.997.287	7.562.223	163.990	2.848.402	3.012.392
2.4.2 Other Financial Assets		-	-	-	-	-	-
2.5 Expected Credit Loss (-)		(1.109.620)	-	(1.109.620)	(789.738)	-	(789.738)
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)	14.636	-	14.636	13.169	-	13.169
4.1 Associates (Net)		10.586	-	10.586	10.119	-	10.119
4.1.1 Associates Accounted Based on Equity Method		-	-	-	-	-	-
4.1.2 Unconsolidated Financial Subsidiaries		10.586	-	10.586	10.119	-	10.119
4.2 Subsidiaries (Net)		4.050	-	4.050	3.050	-	3.050
4.2.1 Unconsolidated Financial Subsidiaries		4.050	-	4.050	3.050	-	3.050
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)	88.099	-	88.099	27.424	-	27.424
VI. INTANGIBLE ASSETS (Net)	(7)	21.596	-	21.596	21.873	-	21.873
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		21.596	-	21.596	21.873	-	21.873
VII. INVESTMENT PROPERTY (Net)	(8)	-	-	-	-	-	-
VIII. CURRENT TAX ASSET	(9)	-	-	-	-	-	-
IX. DEFERRED TAX ASSET	(10)	168.840	-	168.840	95.478	-	95.478
X. OTHER ASSETS	(11)	50.761	118.378	169.139	25.858	69.511	95.369
TOTAL ASSETS		31.292.023	60.306.129	91.598.152	7.729.865	40.650.869	48.380.734

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 31 December 2022

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

I. BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)	Notes (Section Five II)	Audited Current Period 31 December 2022			Audited Prior Period 31 December 2021		
		TL	FC	TOTAL	TL	FC	TOTAL
LIABILITIES							
I. DEPOSITS	(1)	-	-	-	-	-	-
II. FUNDS BORROWED	(2)	8.959.064	54.380.664	63.339.728	2.376.145	35.586.672	37.962.817
III. MONEY MARKET FUNDS	(3)	2.960.566	-	2.960.566	636.329	-	636.329
IV. SECURITIES ISSUED (Net)	(4)	-	2.018.433	2.018.433	-	-	-
4.1 Bills		-	-	-	-	-	-
4.2 Asset Backed Securities		-	-	-	-	-	-
4.3 Bonds		-	2.018.433	2.018.433	-	-	-
V. FUNDS	(5)	6.158.015	2.260.810	8.418.825	463.536	1.065.255	1.528.791
5.1 Borrower Funds		1.626.575	1.425.057	3.051.632	443.427	319.769	763.196
5.2 Other		4.531.440	835.753	5.367.193	20.109	745.486	765.595
VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	(6)	-	-	-	-	-	-
VII. DERIVATIVE FINANCIAL LIABILITIES	(7)	11.157	-	11.157	26.693	-	26.693
7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss		11.157	-	11.157	26.693	-	26.693
7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
VIII. FACTORING LIABILITIES	(8)	-	-	-	-	-	-
IX. LEASE LIABILITIES (Net)	(9)	22.889	-	22.889	9.903	-	9.903
X. PROVISIONS	(11)	164.441	-	164.441	72.772	-	72.772
10.1 Restructuring Provisions		-	-	-	-	-	-
10.2 Reserve for Employee Benefits		112.491	-	112.491	50.097	-	50.097
10.3 Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4 Other Provisions		51.950	-	51.950	22.675	-	22.675
XI. CURRENT TAX LIABILITY	(12)	286.521	-	286.521	24.354	-	24.354
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)	2.301.046	4.646.290	6.947.336	-	3.350.857	3.350.857
14.1 Borrowings		2.301.046	4.646.290	6.947.336	-	3.350.857	3.350.857
14.2 Other Debt Instruments		-	-	-	-	-	-
XV. OTHER LIABILITIES	(16)	268.330	316.544	584.874	86.811	218.043	304.854
XVI. SHAREHOLDERS' EQUITY	(17)	6.855.301	(11.919)	6.843.382	4.496.663	(33.299)	4.463.364
16.1 Paid-in capital		2.500.000	-	2.500.000	2.000.000	-	2.000.000
16.2 Capital Reserves		210.112	-	210.112	209.821	-	209.821
16.2.1 Share Premium		4.038	-	4.038	3.747	-	3.747
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)	(998)	-	(998)
16.4 Accumulated Other Comprehensive Income or Loss that will be Reclassified to Profit or Loss		176.527	(11.919)	164.608	10.040	(33.299)	(23.259)
16.5 Profit Reserves		2.277.800	-	2.277.800	1.463.876	-	1.463.876
16.5.1 Legal Reserves		135.300	-	135.300	94.604	-	94.604
16.5.2 Status Reserves		-	-	-	-	-	-
16.5.3 Extraordinary Reserves		2.088.274	-	2.088.274	1.315.798	-	1.315.798
16.5.4 Other Profit Reserves		54.226	-	54.226	53.474	-	53.474
16.6 Profit or (Loss)		1.691.368	-	1.691.368	813.924	-	813.924
16.6.1 Prior Periods' Profit or (Loss)		-	-	-	-	-	-
16.6.2 Current Period Profit or (Loss)		1.691.368	-	1.691.368	813.924	-	813.924
TOTAL LIABILITIES		27.987.330	63.610.822	91.598.152	8.193.206	40.187.528	48.380.734

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

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.
Unconsolidated Statement of Off-Balance Sheet Accounts as of 31 December 2022
(Thousands of Turkish Lira (TL) unless otherwise stated)

II.	STATEMENT OF OFF-BALANCE SHEET ACCOUNTS	Note (Section Five III)	Audited Current Period 31 December 2022			Audited Prior Period 31 December 2021		
			TL	FC	Total	TL	FC	Total
A.	OFF-BALANCE SHEET COMMITMENTS (I+II+III)		15.895.680	24.864.825	40.760.505	2.387.722	8.442.355	10.830.077
I.	GUARANTEES AND WARRANTIES	(1)	72.418	2.969.043	3.041.461	53.172	2.252.675	2.305.847
1.1	Letters of Guarantee		72.418	2.408.778	2.481.196	53.172	1.869.236	1.922.408
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		72.417	2.408.778	2.481.195	53.171	1.869.236	1.922.407
1.2	Bank Acceptances		-	-	-	-	-	-
1.2.1	Import Letter of Acceptance		-	-	-	-	-	-
1.2.2	Other Bank Acceptances		-	-	-	-	-	-
1.3	Letters of Credit		-	118.700	118.700	-	54.972	54.972
1.3.1	Documentary Letters of Credit		-	118.700	118.700	-	-	-
1.3.2	Other Letters of Credit		-	-	-	-	54.972	54.972
1.4	Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5	Endorsements		-	-	-	-	-	-
1.5.1	Endorsements to the Central Bank of the Republic of Turkey		-	-	-	-	-	-
1.5.2	Other Endorsements		-	-	-	-	-	-
1.6	Purchase Guarantees on Marketable Security Issuance		-	-	-	-	-	-
1.7	Factoring Guarantees		-	-	-	-	-	-
1.8	Other Guarantees		-	441.565	441.565	-	328.467	328.467
1.9	Other Collaterals		-	-	-	-	-	-
II.	COMMITMENTS	(1,3)	4.274.782	8.176.009	12.450.791	1.916.978	4.052.963	5.969.941
2.1	Irrevocable Commitments		376.782	291.108	667.890	269.737	133.925	403.662
2.1.1	Asset Purchase and Sale Commitments		248.875	285.102	533.977	32.861	102.069	134.930
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		127.907	6.006	133.913	236.876	31.856	268.732
2.2	Revocable Commitments		3.898.000	7.884.901	11.782.901	1.647.241	3.919.038	5.566.279
2.2.1	Revocable Loan Granting Commitments		3.898.000	7.884.901	11.782.901	1.647.241	3.919.038	5.566.279
2.2.2	Other Revocable Commitments		-	-	-	-	-	-
III.	DERIVATIVE FINANCIAL INSTRUMENTS	(2)	11.548.480	13.719.773	25.268.253	417.572	2.136.717	2.554.289
3.1	Hedging Derivative Financial Instruments		-	-	-	-	-	-
3.1.1	Transactions for Fair Value Hedge		-	-	-	-	-	-
3.1.2	Transactions for Cash Flow Hedge		-	-	-	-	-	-
3.1.3	Transactions for Foreign Net Investment Hedge		-	-	-	-	-	-
3.2	Trading Transactions		11.548.480	13.719.773	25.268.253	417.572	2.136.717	2.554.289
3.2.1	Forward Foreign Currency Buy/Sell Transactions		-	-	-	-	-	-
3.2.1.1	Forward Foreign Currency Transactions-Buy		-	-	-	-	-	-
3.2.1.2	Forward Foreign Currency Transactions-Sell		-	-	-	-	-	-
3.2.2	Swap Transactions Related to Foreign Currency and Interest Rates		11.548.480	13.719.773	25.268.253	417.572	2.136.717	2.554.289
3.2.2.1	Foreign Currency Swap-Buy		4.004.626	8.635.097	12.639.723	417.572	846.860	1.264.432
3.2.2.2	Foreign Currency Swap-Sell		7.543.854	5.084.676	12.628.530	-	1.289.857	1.289.857
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)		34.846.478	138.878.523	173.725.001	11.329.202	95.510.930	106.840.132
IV.	ITEMS HELD IN CUSTODY		145.502	-	145.502	336.689	-	336.689
4.1	Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2	Investment Securities Held in Custody		145.502	-	145.502	336.689	-	336.689
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		34.700.976	138.878.523	173.579.499	10.992.513	95.510.930	106.503.443
5.1	Marketable Securities		14.456.671	-	14.456.671	842.803	-	842.803
5.2	Guarantee Notes		23.802	8.409.098	8.432.900	29.532	6.872.286	6.901.818
5.3	Commodity		-	-	-	-	-	-
5.4	Warranty		-	-	-	-	-	-
5.5	Immovable		18.515.370	112.182.375	130.697.745	9.711.005	72.054.301	81.765.306
5.6	Other Pledged Items		1.552.935	14.503.877	16.056.812	167.279	12.667.237	12.834.516
5.7	Pledged Items-Depository		152.198	3.783.173	3.935.371	241.894	3.917.106	4.159.000
VI.	ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		-	-	-	-	-	-
	TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		50.742.158	163.743.348	214.485.506	13.716.924	103.953.285	117.670.209

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 31 December 2022
(Thousands of Turkish Lira (TL) unless otherwise stated)

III. STATEMENT OF PROFIT OR LOSS		Audited	
		Current Period 1 January-31 December 2022	Prior Period 1 January-31 December 2021
INCOME AND EXPENSE ITEMS	Note (Section Five IV)		
I. INTEREST INCOME	(1)	6.493.201	2.220.127
1.1 Interest on Loans		3.126.518	1.373.963
1.2 Interest on Reserve Requirements		-	-
1.3 Interest on Banks		1.034.659	372.703
1.4 Interest on Money Market Transactions		455.531	139.605
1.5 Interest on Marketable Securities Portfolio		1.874.236	333.814
1.5.1 Fair Value Through Profit or Loss		18	-
1.5.2 Fair Value Through Other Comprehensive Income		687.078	181.250
1.5.3 Measured at Amortised Cost		1.187.140	152.564
1.6 Financial Lease Income		-	-
1.7 Other Interest Income		2.257	42
II. INTEREST EXPENSE (-)	(2)	(3.490.219)	(843.289)
2.1 Interest on Deposits		-	-
2.2 Interest on Funds Borrowed		(2.947.765)	(772.495)
2.3 Interest Expense on Money Market Transactions		(271.274)	(40.799)
2.4 Interest on Securities Issued		(27.463)	-
2.5 Measured at Amortised Expense		(2.302)	(2.394)
2.6 Other Interest Expenses		(241.415)	(27.601)
III. NET INTEREST INCOME (I - II)		3.002.982	1.376.838
IV. NET FEES AND COMMISSIONS INCOME		69.021	39.134
4.1 Fees and Commissions Received		91.200	55.094
4.1.1 Non-cash Loans		59.206	15.562
4.1.2 Other		31.994	39.532
4.2 Fees and Commissions Paid		(22.179)	(15.960)
4.2.1 Non-cash Loans		-	-
4.2.2 Other		(22.179)	(15.960)
V. DIVIDEND INCOME	(3)	47.940	105.974
VI. TRADING PROFIT / (LOSS) (Net)	(4)	53.886	69.216
6.1 Trading Gains / (Losses) on Securities		104.976	20.338
6.2 Gains / (Losses) on Derivative Financial Transactions		289.590	(744)
6.3 Foreign Exchange Gains / (Losses)		(340.680)	49.622
VII. OTHER OPERATING INCOME	(5)	145.149	106.177
VIII. GROSS OPERATING INCOME (III+IV+V+VI+VII)		3.318.978	1.697.339
IX. EXPECTED CREDIT LOSS (-)	(6)	(495.232)	(488.182)
X. OTHER PROVISION EXPENSE (-)	(6)	(186.778)	(44.132)
XI. PERSONNEL EXPENSE (-)		(209.765)	(93.757)
XII. OTHER OPERATING EXPENSES (-)	(7)	(106.593)	(59.661)
XIII. NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)		2.320.610	1.011.607
XIV. EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER		-	-
XV. INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES		-	-
XVI. INCOME/(LOSS) ON NET MONETARY POSITION		-	-
XVII. PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XIII+...+XVI)		-	-
XVIII. TAX PROVISION FOR CONTINUED OPERATIONS (±)	(9)	2.320.610	1.011.607
18.1 Current Tax Provision	(10)	(629.242)	(197.683)
18.2 Deferred Tax Income Effect (+)		(770.809)	(256.415)
18.3 Deferred Tax Expense Effect (-)		-	-
XIX. CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XVII±XVIII)		141.567	58.732
XX. INCOME FROM DISCONTINUED OPERATIONS	(11)	1.691.368	813.924
20.1 Income from Non-current Assets Held for Sale		-	-
20.2 Profit from Sales of Associates, Subsidiaries and Joint Ventures		-	-
20.3 Income from Other Discontinued Operations		-	-
XXI. EXPENSES FOR DISCONTINUED OPERATIONS (-)		-	-
21.1 Expenses for Non-current Assets Held for Sale		-	-
21.2 Loss from Sales of Associates, Subsidiaries and Joint Ventures		-	-
21.3 Expenses for Other Discontinued Operations		-	-
PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XX-XXI)		-	-
XXII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-
22.1 Current Tax Provision		-	-
22.2 Deferred Tax Expense Effect (+)		-	-
22.3 Deferred Tax Income Effect (-)		-	-
CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)		-	-
XXIV. NET PROFIT/(LOSS) (XIX+XXIV)	(12)	1.691.368	813.924
25.1 Earning/(Loss) per share (in TL full)		0,008	0,005

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 31 December 2022
(Thousands of Turkish Lira (TL) unless otherwise stated)

IV. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		Audited Current Period 1 January-31 December 2022	Audited Prior Period 1 January-31 December 2021
I.	CURRENT PERIOD PROFIT/LOSS	1.691.368	813.924
II.	OTHER COMPREHENSIVE INCOME	188.359	(38.823)
2.1	Not Reclassified to Profit or Loss	492	(650)
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	656	(813)
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	(164)	163
2.2	Reclassified to Profit or Loss	187.867	(38.173)
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	254.441	(56.766)
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	1.467	-
2.2.6	Tax Related Other Comprehensive Income Items Reclassified Through Profit or Loss	(68.041)	18.593
III.	TOTAL COMPREHENSIVE INCOME (I+II)	1.879.727	775.101

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 31 December 2022

(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 31 December 2021														
I.	Balance at the beginning of the period	1.600.000	3.683	-	206.074	-	(348)	-	-	14.914	-	1.262.036	501.840	-	3.588.199
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)	1.600.000	3.683	-	206.074	-	(348)	-	-	14.914	-	1.262.036	501.840	-	3.588.199
IV.	Total comprehensive income (loss)	-	-	-	-	-	(650)	-	-	(38.173)	-	-	-	813.924	775.101
V.	Capital increase in cash	100.000	64	-	-	-	-	-	-	-	-	-	-	-	100.064
VI.	Capital increase through internal reserves	300.000	-	-	-	-	-	-	-	-	-	(300.000)	-	-	-
VII.	Issued capital inflation adjustment difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Convertible bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Subordinated debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Increase (decrease) through other changes, equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Profit distribution	-	-	-	-	-	-	-	-	-	-	501.840	(501.840)	-	-
11.1	Dividends distributed	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	Transfers to legal reserves	-	-	-	-	-	-	-	-	-	-	501.840	(501.840)	-	-
11.3	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances (III+IV+.....+X+XI)		2.000.000	3.747	-	206.074	-	(998)	-	-	(23.259)	-	1.463.876	-	813.924	4.463.364
	Current Period 31 December 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)	-	-	-	-	-	492	-	-	186.400	1.467	-	-	1.691.368	1.879.727
V.	Capital increase in cash	500.000	291	-	-	-	-	-	-	-	-	-	-	-	500.291
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)	-	-	163.141	1.467	2.277.800	-	1.691.368	6.843.382

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 31 December 2022
(Thousands of Turkish Lira (TL) unless otherwise stated)

VI. STATEMENT OF CASH FLOWS				
	Note (Section Five IV)	Audited Current Period 1 January-31 December 2022	Audited Prior Period 1 January-31 December 2021	
A. CASH FLOWS FROM BANKING OPERATIONS				
1.1 Operating Profit Before Changes in Operating Assets and Liabilities	(1)	1.292.511	752.396	
1.1.1 Interest Received		4.711.586	1.823.220	
1.1.2 Interest Paid		(1.959.750)	(563.668)	
1.1.3 Dividend Received		47.940	105.975	
1.1.4 Fees and Commissions Received		91.200	55.094	
1.1.5 Other Income		90.074	135.355	
1.1.6 Collections from Previously Written-off Loans and Other Receivables		190.905	22.463	
1.1.7 Payments to Personnel and Service Suppliers		(246.148)	(100.209)	
1.1.8 Taxes Paid		(531.630)	(289.631)	
1.1.9 Other	(1)	(1.101.666)	(436.203)	
1.2 Changes in Operating Assets and Liabilities	(1)	10.431.331	(393.755)	
1.2.1 Net Increase/Decrease in Financial Assets at Fair Value Through Profit or Loss		(75.292)	74.760	
1.2.2 Net (increase) / decrease in due from banks and other financial institutions		-	-	
1.2.3 Net (increase) / decrease in loans		(8.513.124)	(3.097.730)	
1.2.4 Net (increase) / decrease in other assets		(45.498)	(43.991)	
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		10.298.591	1.210.921	
1.2.9 Net increase / (decrease) in payables		-	-	
1.2.10 Net increase / (decrease) in other liabilities	(1)	8.766.654	1.462.285	
I. Net Cash Provided from Banking Operations	(1)	11.723.842	358.641	
B. CASH FLOWS FROM INVESTMENT ACTIVITIES				
II. Net Cash Provided from Investing Activities		(5.244.608)	(1.861.246)	
2.1 Cash paid for acquisition of investments, associates and subsidiaries		-	(1.200)	
2.2 Cash obtained from disposal of investments, associates and subsidiaries		-	8.574	
2.3 Purchases of property and equipment		(46.658)	(2.724)	
2.4 Disposals of property and equipment		38.762	77.303	
2.5 Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		(9.709.685)	(4.214.092)	
2.6 Sale of Financial Assets at Fair Value Through Other Comprehensive Income		6.828.580	2.383.699	
2.7 Purchase of Financial Assets Measured at Amortised Cost		(2.350.640)	(114.880)	
2.8 Sale of Financial Assets Measured at Amortised Cost		-	10.175	
2.9 Other		(4.967)	(8.101)	
C. CASH FLOWS FROM FINANCING ACTIVITIES				
III. Net Cash Provided from Financing Activities	(1)	3.791.024	93.122	
3.1 Cash Obtained from Funds Borrowed and Securities Issued		3.300.030	-	
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued		-	-	
3.3 Issued Equity Instruments		500.291	100.064	
3.4 Dividends Paid		-	-	
3.5 Payments for Finance Leases		(9.297)	(6.942)	
3.6 Other		-	-	
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents	(1)	766.822	614.449	
V. Net Decrease/ Increase in Cash and Cash Equivalents (I+II+III+IV)		11.037.080	(795.034)	
VI. Cash and Cash Equivalents at the Beginning of the Period	(2)	4.262.245	5.057.279	
VII. Cash and Cash Equivalents at the End of the Period	(3)	15.299.325	4.262.245	

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

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.
Statement of Profit Distribution for the Period Ended 31 December 2021
(Thousands of Turkish Lira (TL) unless otherwise stated)

VII. STATEMENT OF PROFIT DISTRIBUTION		
	Audited Current Period 1 January-31 December 2022 ^(*)	Audited Prior Period 1 January-31 December 2021
I. DISTRIBUTION OF CURRENT YEAR INCOME		
1.1 CURRENT YEAR INCOME	2.320.610	1.011.607
1.2 TAXES AND DUTIES PAYABLE(-)	(629.242)	(197.683)
1.2.1 Corporate Tax (Income tax)	(770.809)	(256.415)
1.2.2 Income withholding tax	-	-
1.2.3 Other taxes and duties	141.567	58.732
A. NET INCOME FOR THE YEAR (1.1-1.2)	1.691.368	813.924
1.3 PRIOR YEARS LOSSES (-)	-	-
1.4 FIRST LEGAL RESERVES (-)	-	(40.696)
1.5 OTHER STATUTORY RESERVES (-)	-	-
B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5))]	1.691.368	773.228
1.6 FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
1.6.1 To owners of ordinary shares	-	-
1.6.2 To owners of preferred shares	-	-
1.6.3 To owners of preferred shares (preemptive rights)	-	-
1.6.4 To profit sharing bonds	-	-
1.6.5 To holders of profit and loss sharing certificates	-	-
1.7 DIVIDENDS TO PERSONNEL (-)	-	-
1.8 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.9 SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-
1.9.1 To owners of ordinary shares	-	-
1.9.2 To owners of preferred shares	-	-
1.9.3 To owners of preferred shares (preemptive rights)	-	-
1.9.4 To profit sharing bonds	-	-
1.9.5 To holders of profit and loss sharing certificates	-	-
1.10 SECOND LEGAL RESERVES (-)	-	-
1.11 STATUTORY RESERVES (-)	-	-
1.12 GENERAL RESERVES ^(**)	-	772.476
1.13 OTHER RESERVES	-	752
1.14 SPECIAL FUNDS	-	-
II. DISTRIBUTION OF RESERVES		
2.1 APPROPRIATED RESERVES	-	-
2.2 SECOND LEGAL RESERVES (-)	-	-
2.3 DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.3.1 To owners of ordinary shares	-	-
2.3.2 To owners of preferred shares	-	-
2.3.3 To owners of preferred shares (preemptive rights)	-	-
2.3.4 To profit sharing bonds	-	-
2.3.5 To holders of profit and loss sharing certificates	-	-
2.4 DIVIDENDS TO PERSONNEL (-)	-	-
2.5 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
III. EARNINGS PER SHARE^(***)		
3.1 TO OWNERS OF ORDINARY SHARES	0,008	0,005
3.2 TO OWNERS OF ORDINARY SHARES (%)	0,8	0,5
3.3 TO OWNERS OF PRIVILEGED SHARES	-	-
3.4 TO OWNERS OF PRIVILEGED SHARES (%)	-	-
IV. DIVIDEND PER SHARE		
4.1 TO OWNERS OF ORDINARY SHARES	-	-
4.2 TO OWNERS OF ORDINARY SHARES (%)	-	-
4.3 TO OWNERS OF PRIVILEGED SHARES	-	-
4.4 TO OWNERS OF PRIVILEGED SHARES (%)	-	-

(*) Since the dividend distribution proposal for 2022 to be submitted to the General Assembly for approval has not yet been prepared by the Board of Directors, only the distributable profit amount is specified in the 2022 dividend distribution table.

(**) The profit of 2021 was transferred to legal reserves, general reserves and other profit reserves with the decision of the General Assembly.

(***) Shown with full TL amount.

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”).

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 No. 30673, dated 1 February 2019, accompanying financial statements as of 31 December 2022 are aligned with latest financial statement format.

b. Changes in accounting policies and disclosures:

TAS / TFRS changes, which entered into force as of 1 January 2022, do not have a significant effect on the accounting policies, financial status and performance of the Bank. TAS and TFRS changes, which were published but not put into effect as of the final date of the financial statements, will not have a significant effect on the accounting policies, financial status and performance of the Bank. In addition, the Indicator Interest Rate Reform - 2nd Stage, bringing changes in TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16, effective from 1 January 2021, was published in December 2020 and early implementation of the changes is allowed. With the amendments made, certain exceptions are provided for the basis used in determining contractual cash flows and the provisions of hedge accounting. The changes are not considered to have a significant impact on the Bank's financials.

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 31 December 2022, no inflation adjustment was made according to TAS 29.

c. Other issues:

As from January 2022, the tension between Russia and Ukraine has turned into a crisis and a heated conflict as of the date of the report. No Bank-owned activities are carried out in the two countries that are the subject of the crisis. Considering the geographies in which the Bank conducts its activities, the crisis is not expected to have a direct impact on the Bank's operations. However, because of at the date of the report course of the crisis is uncertain developments that may occur and reflections of these developments to the potential global and regional economy, and their impact on the Bank's operations are closely monitored and considered with the best estimate approach in the preparation of financial statements.

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 Turkey, international institutions such as World Bank, Islamic Development Bank and German Development Bank via Republic of Turkey 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 Turkey 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.

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 rediscounts 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 rediscounts 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.

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.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

VIII. Explanations on Financial Assets (Continued):

Equity Instruments Measured at Fair Value Through Other Comprehensive Income

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

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

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

Financial Investments Measured at Amortised Cost and Loans:

Financial Investments Measured at Amortised Cost

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

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

Loans

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

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

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

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

ACCOUNTING POLICIES (Continued)

VIII. Explanations on Financial Assets (Continued):

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

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

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

Cash and Cash Equivalents:

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

IX. Explanations on Impairment of Financial Assets:

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

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

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

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

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

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

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

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

Significant Increase in Credit Risk

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

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

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

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

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

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

Significant Increase in Credit Risk (Continued)

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

Definition of Default

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

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

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

With the BRSA’s decisions numbered 8948 dated 17 March 2020, numbered 8970 dated 27 March 2020, numbered 9312 dated 8 December 2020 and numbered 9624 dated 17 June 2021, within the scope of the 4th and 5th articles of the Regulation on Provisions and Principles Regarding the Classification of Loans and Provisions to be Set Aside, the 30 days delay period foreseen for classification in the Stage 2 is allowed to be applied as 90 days and the 90 days delay period foreseen to be classified as non-performing loans is allowed to be applied as 180 days. As stated in the relevant decisions, the Bank allocated provisions according to its own risk model for the loans within the scope of this application, which will be valid until 30 September 2021. With the BRSA's decision numbered 9795 dated 16 September 2021, this practice is terminated as of the end of 30 September 2021, but the application is decided to be continued in the same way for loans with a delay period of more than 31 days but not exceeding 90 days as of 1 October 2021 and for loans with a delay period of more than 91 days but not exceeding 180 days as of 1 October 2021. As of 1 October 2021, the Bank carries out the classification procedures in line with the BRSA board decision.

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 Turkey'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.

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.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

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%. 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 31 December 2022, 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 2021: 1,34%). The maximum amount of full TL 19.982,83 effective from 1 January 2023 has been taken into consideration in calculation of provision for employment termination benefits (31 December 2021: full TL 10.596,74).

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XVIII. Explanations on Taxation:

Current Tax

According to the Temporary Article 13 added to the Corporate Tax Law No: 5520 and with the Article 11 of the Law on the Procedure of Collection of Public Claims and the Law on the Amendment of Some Laws, which entered into force after being published in the Official Gazette dated 22 April 2021 and numbered 31462, the Corporate Tax rate will be applied as 25% for the corporate earnings for the 2021 taxation period and 23% for the corporate earnings for the 2022 taxation period. However, with the amendment stipulated in Articles 25 and 26 of the Law No. 7394 published in the Official Gazette dated 15 April 2022 and numbered 31810, the corporate tax rate to which the earnings of banks and certain financial institutions are subject has been determined as 25%. This change will be valid for the taxation of corporate earnings for the periods starting from 1 January 2022, starting with the declarations that must be submitted as of 1 July 2021. Accordingly the corporate tax for first quarter of 2022 (January-March) has been calculated with 23%, for following periods and corporate tax declaration of 2022 year period 25% will be taken into calculation. 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 Turkey and dividends paid to companies' resident in Turkey (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 2022 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 Turkey, 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 Turkey, 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's issued capital was increased from TL 2.000.000 to TL 2.500.000 on 27 December 2022 by issuing shares with a nominal value of TL 500.000.

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 31 December 2022, 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 (31.12.2022)	Investment Banking (Treasury)	Corporate Banking	Other	Total Operations of the Bank
Net interest income/(expense)	3.093.152	(90.125)	(45)	3.002.982
Net fees and commissions income/(expense)	(22.179)	81.658	9.542	69.021
Other income	394.566	162.671	30.418	587.655
Other expense	(22.680)	(900.183)	(416.185)	(1.339.048)
Profit before tax	3.442.859	(745.979)	(376.270)	2.320.610
Tax provision	-	-	(629.242)	(629.242)
Net profit for the period	3.442.859	(745.979)	(1.005.512)	1.691.368
Current 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

Prior Period (31.12.2021)	Investment Banking (Treasury)	Corporate Banking	Other	Total Operations of the Bank
Net interest income/(expense)	805.323	573.867	(2.352)	1.376.838
Net fees and commissions income/(expense)	(15.959)	51.234	3.859	39.134
Other income	19.594	260.569	2.158	282.321
Other expense	(954)	(488.182)	(197.550)	(686.686)
Profit before tax	808.004	397.488	(193.885)	1.011.607
Tax provision	-	-	(197.683)	(197.683)
Net profit for the period	808.004	397.488	(391.568)	813.924
Prior Period (31.12.2021)				
Segment assets	11.195.240	37.024.826	147.499	48.367.565
Associates and subsidiaries	-	13.169	-	13.169
Total Assets	11.195.240	37.037.995	147.499	48.380.734
Segment liabilities	663.022	42.863.190	391.158	43.917.370
Shareholders' equity	-	-	4.463.364	4.463.364
Total Liabilities	663.022	42.863.190	4.854.522	48.380.734

SECTION FOUR

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT

I. Explanations on Equity:

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

The Bank’s equity amount as of 31 December 2022 is TL 12.917.130 (31 December 2021: TL 7.678.785) and its capital adequacy ratio is 16,67% (31 December 2021: 14,26%). The capital adequacy ratio of the Bank is above the minimum ratio determined by the relevant legislation.

Information on Equity Items:

Current 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	-
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	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 (Issued or Obtained after 1.1.2014)	4.486.455
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4) (Issued or Obtained after 1.1.2014)	-
Additional Tier 1 Capital Before Deductions	4.486.455
Deductions From Additional Tier 1 Capital	-
Direct and Indirect Investments of the Bank on its own Additional Tier I Capital	-
Investments made by the bank 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	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	-
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	-

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	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 (%)	-
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)	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	-

In the equity table, under the amount of capital, in which, is the last receivable right receivable in case of bank liquidation, there is capital and other capital reserves (inflation difference correction). Investment in associates which is denominated in foreign currency on balance sheet, is presented under deductions from Tier I on equity table if there is not enough Tier I or Tier II capital. The amount included in the provision item under Tier II is general provisions.

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations on Equity (Continued)

Information on Equity Items (Continued):

Prior Period (31.12.2021)	Amount
Common Equity Tier I Capital	
Paid-in Capital to be Entitled for Compensation after All Creditors	2.206.074
Share Premium	3.747
Reserves	1.463.876
Other Comprehensive Income according to TAS	4.318
Profit	813.924
Net profit for the period	813.924
Retained Earnings	-
Bonus Shares from Associates, Affiliates and Joint-Ventures not Accounted in Current Period's Profit	-
Common Equity Tier I Capital Before Deductions	-
Deductions from Common Equity Tier I Capital	4.491.939
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	45.617
Leasehold Improvements on Operational Leases	3.279
Goodwill Netted with Deferred Tax Liabilities	-
Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights	21.873
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 (-)	95.478
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	166.247
Total Common Equity Tier I Capital	4.325.692
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	2.228.580
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-
Additional Tier 1 Capital Before Deductions	2.228.580
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	2.228.580
Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)	6.554.272
TIER II CAPITAL	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	833.881
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)	290.632
Total Deductions from Tier II Capital	1.124.513
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	1.124.513
Total Equity (Total Tier I and Tier II Capital)	7.678.785
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	4.318
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)	7.678.785
Total Risk Weighted Assets	53.833.629
CAPITAL ADEQUACY RATIOS	
CET1 Capital Ratio (%)	8,04
Tier I Capital Ratio (%)	12,18
Capital Adequacy Ratio (%)	14,26
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)	290.632
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	290.632
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach	81.208
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	-

In the equity table, under the amount of capital, in which, is the last receivable right receivable in case of bank liquidation, there is capital and other capital reserves (inflation difference correction). Investment in associates which is denominated in foreign currency on balance sheet, is presented under deductions from Tier I on equity table if there is not enough Tier I or Tier II capital. The amount included in the provision item under Tier II is general provisions.

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

Prior Period (31.12.2021)	Balance Sheet Value	Amount of Adjustment	Value at Capital Report
1. Paid-in-Capital	2.000.000	206.074	2.206.074
2. Capital Reserves	209.821	(206.074)	3.747
2.1. Share Premium	3.747	-	3.747
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	(998)	-	(998)
4. Accumulated Other Comprehensive Income or Loss that will be Reclassified to Profit or Loss	(23.259)	27.577	4.318
5. Profit Reserves	1.463.876	-	1.463.876
6. Profit or Loss	813.924	-	813.924
6.1. Prior Periods' Profit or (Loss)	-	-	-
6.2. Current Period Profit or (Loss)	813.924	-	813.924
Deductions from Common Equity Tier I Capital (-)	-	(165.249)	(165.249)
Common Equity Tier I Capital	4.463.364	(137.672)	4.325.692
Subordinated Loans	-	2.228.580	2.228.580
Deductions from Tier I capital (-)	-	-	-
Tier I Capital	4.463.364	2.090.908	6.554.272
Subordinated Loans	-	833.881	833.881
General Provisions	-	290.632	290.632
Deductions from Tier II capital (-)	-	-	-
Tier II Capital	-	1.124.513	1.124.513
Deductions from Total Capital (-)	-	-	-
Total	4.463.364	3.215.421	7.678.785

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 (31.12.2022)	
Issuer-Loan supplier	Bank / Republic of Turkey 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
Original date of issuance	Subordinated Loan
Maturity structure of the instrument (perpetual/dated)	31.12.2018
Starting maturity of the instrument	Perpetual
Issuer call subject to prior supervisory (BRSA) approval	-
Call option dates, conditioned call dates and call amount	Yes
Subsequent call dates, if applicable	-
Interest / dividend payments	
Fixed or floating coupon/dividend payments	-
Interest rate and related index value	-
Existence of any dividend payment restriction	-
Fully discretionary, partially discretionary or mandatory	-
Existence of step up or other incentive to redeem	-
Noncumulative or cumulative	-
Convertible into equity shares	
If convertible, conversion trigger(s)	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, type of instrument convertible into	-
If convertible, issuer of instrument to be converted into	-
Write-down feature	
If bonds can be written down, write down trigger(s)	-
If bond can be written-down, full or partial	-
If bond can be written-down, permanent or temporary	-
If temporary write-down, description of write-up mechanism	-
Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument)	After borrowings, before the additional capital, same as Tier II Capital
In compliance with article number 7 and 8 of Regulation on Bank Capital	Complies with the requirements of Article 8 of the Regulation on Equity of Banks.
Details of incompliances with article number 7 and 8 of Regulation on Bank Capital	Complies with the requirements of Article 8 of the Regulation on Equity of Banks.

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations on Equity (Continued):

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

Prior Period (31.12.2021)	
Issuer-Loan supplier	Bank / Republic of Turkey 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)	834
Nominal value of instrument (TL million)	834
Accounting classification of the instrument	Liabilities
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 (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 incompliance 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.

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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 (31.12.2021)	
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)	2.229
Nominal value of instrument (TL million)	2.229
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.

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations on Equity (Continued):

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

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

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations on Credit Risk:

Credit risk defined as the probability of loss that the Bank may incur as a result of the counterparty's failure to comply its contractual obligation partially or completely in time. The Bank ensures that credit risk is managed in accordance with the volume, nature and complexity of the loans, taking into account the best practices, within the framework of the BRSA regulations.

The most basic banking service provided by the Bank to finance medium and long-term investments, which is the core function of the Bank, is the "project evaluation-based lending activity". Considering the proportional size within the balance sheet structure, credit risk is the most important risk item of the Bank.

The general principle of the risk policies to be monitored by the Bank is to take risks that can be defined, controlled and / or managed in this sense and to strive not to take a risk other than the risks that are inevitable and arising due to the nature of its activities. Based on the basic principle of ensuring that the risks to be taken within this scope are defined and manageable risks, the Bank's credit risk is subject to foreign exchange risk, depending on the sensitivity shown to the compliance of loan disbursements with loan source conditions, except for credit risk and counterparty risk, which are inevitable due to the lending requirement, there are only manageable risks depending on the sensitivity shown to ensure that loan disbursements are compatible with loan resource conditions.

In the Bank that has a fully functioning mechanisms based on activities, actively used committees and risk budgeting practices in decision-making and risk management processes, Credit Rating Committee continues its activities in order to determine the procedures and principles of the Bank's crediting, to evaluate the projects to be credited within the scope of the Bank's Environmental and Social Policy, to ensure coordination between the units in charge of credit transactions, to assess credit risk and the condition of the loan portfolio, to take decisions on loan allocation, postponement of loan receivables, installments, reorganization of conditions, the procedures and principles regarding the Bank's loan policies, to increase the efficiency of the loan portfolio within the framework of changing and developing conditions and to determine strategies for customers in trouble / legal follow-up.

All loan placements of the Bank are allocated in accordance with legal legislations and reports prepared by Financial Analysis and Valuation Department and Loan Allocation Department and with approvals of Credit Rating Committee and Board of Directors. Since the lending of the Bank are in the form of project financing, the amount of loan that can be disbursed to a firm is basically determined during project assessment stage and disbursements are made in a controlled manner through monitoring of expenditures.

The financial data of the customers are regularly monitored until the collection and liquidation of the risk is completed with respect to the customers that are lend by the Bank, and with deferred payment plan. For the customers whose income is above a certain limit or need to be re-evaluated, both the customer and its headquarters and the investment place are examined and detected. A Monitoring Report including recommendations developed as a result of the examinations and detections is being prepared.

Loan balances of borrowers and other receivables are regularly monitored in accordance with the relevant legislation, and in case of an increase in the risk level of the borrower's credit, the credit limits are monitored and additional collateral is taken if necessary.

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations on Credit Risk (Continued) :

For loan allocations, sectors are defined in accordance with borrowing conditions. The sectoral distribution of the loan customers is monitored and those distributions are taken into account during lending decisions and goals.

Bank ensures that credit risk is managed in accordance with the volume, nature and complexity of the loans, taking into account the best practices, within the framework of the BRSA regulations. The Bank ensures that the credit risks of all products, not only loan products, and activities are defined, measured and managed, not limited to loan products only. The Board of Directors constantly reviews, develops and, if necessary, makes adjustments to the system to ensure that the loan decision support systems are in compliance with the structure, size and complexity of the Bank's activities.

The Bank is not subject to the general loan restrictions defined by the Article 54 of the Banking Law numbered 5411. However, in the Bank's internal loan bylaws, the loan limits are determined mostly in parallel with the limitations set out in the Law. Loan monitoring department actively takes part in the measuring, analyzing and monitoring processes in order to determine credit risk level, and reports periodically to the Board of Directors, the Audit Committee and senior management.

Within the framework of the policies determined within the scope of BRSA Accounting and Financial Reporting Legislation;

The Bank evaluates its financial assets in 3 stages within the scope of TFRS 9. In this context, the Bank calculates the lifetime expected credit loss for the loans that have defaulted (Stage 3) and loans that have not yet defaulted but have significantly increased the credit risk at the date of disbursement (Stage 2). For other financial assets within the scope of TFRS 9 (Stage 1) the Bank reflects the calculation including the probability of default within 12 months after the reporting date as the expected loss reserve.

In the Bank forward and other derivative product transactions are carried out within the framework of asset-liability management taking into account legal limits. Credit risk assumed by such transactions is managed together with potential risks arising from market movements. There is no option contract in the Bank.

The Bank allocates provisions in accordance with TFRS 9 policy approved by the Board, "Regulation on the Procedures and Principles for Classification of Loans and Provisions to be Set Aside" and TFRS 9 Financial Instruments Standard.

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations on Credit Risk (Continued):

Risk Categories	Current Period (31.12.2022)		Prior Period (31.12.2021)	
	Risk Amount ^(*)	Average Risk Amount	Risk Amount ^(*)	Average Risk Amount
Conditional and unconditional receivables to central governments or central banks	13.222.381	9.948.064	5.702.181	3.982.969
Conditional and unconditional receivables to banks and brokerage houses	32.423.855	23.279.889	20.590.504	14.177.548
Conditional and unconditional corporate receivables	48.447.222	40.105.893	29.997.386	19.212.233
Conditional and unconditional retail receivables	-	-	-	-
Conditional and unconditional receivables secured by real estate property	1.221.755	949.699	930.838	1.429.069
Overdue receivables	326.553	375.174	326.710	74.177
Receivables defined in high risk category by BRSA	-	-	-	199.555
Receivables as a collective investment establishment	135.407	178.563	245.599	20.467
Other receivables	440.760	315.437	231.473	204.048

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

Restructured loans whose amortization schedule has been changed are followed in the accounts which are specified by related regulations and monitored in accordance with the Bank's credit risk policies. Accordingly, commercial activities of debtors are analyzed and repayments are monitored whether they are in line with the repayments schedules or not, and necessary precautions are taken.

Since the Bank does not have any risks within the scope of private sector loans and trading accounts in banking accounts in other countries, cyclical capital buffer is not calculated.

- The Bank's top 100 and 200 cash loan customers compose 88,03% and 98,19% of the total cash loan portfolio, respectively (31 December 2021: 89,88% and 98,37%).
- The Bank's top 100 and 200 cash and non-cash loan customers compose 59,34% and 65,81 of the total on and off balance sheet assets, respectively (31 December 2021: 71,02% and 77,29%).
- The Bank's top 100 and 200 non-cash loan customers compose 100% of the total non-cash loans (31 December 2021: 100%).

The Bank allocated expected credit loss provision (Stage 1 and Stage 2) amounting to TL 539.816 (31 December 2021: TL 259.942).

In the calculation of the ratios mentioned above, the expected credit loss provisions are not taken into consideration.

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations on Credit Risk (Continued):

Profile of Significant Risks in Major Regions

	Risk Categories (***)							
	Conditional and Unconditional Receivables to Central Governments or Central Banks	Conditional and Unconditional Receivables to Banks and Brokerage Houses	Conditional and Unconditional Corporate Receivables	Conditional and Non- Conditional Real Estate Mortgage-Secured Receivables	Overdue Receivables	Receivables Defined Under High Risk Category By The Board (****)	Collective Investment Institution Like Receivables (****)	Other Receivables
Current Period (31.12.2022)								
Domestic	13.222.381	32.358.965	48.447.222	1.221.755	326.553	-	129.401	-
European Union (EU) Countries	-	104	-	-	-	-	6.006	-
OECD Countries (*)	-	64.786	-	-	-	-	-	-
Off-Shore Banking Regions	-	-	-	-	-	-	-	-
USA, Canada	-	-	-	-	-	-	-	-
Other Countries	-	-	-	-	-	-	-	-
Associates, Subsidiaries and Joint –Ventures	-	-	-	-	-	-	-	14.636
Unallocated Assets (**)	-	-	-	-	-	-	-	426.124
Total	13.222.381	32.423.855	48.447.222	1.221.755	326.553	-	135.407	440.760
Prior Period (31.12.2021)								
Domestic	5.702.181	18.136.810	29.997.386	930.838	326.710	-	213.743	-
European Union (EU) Countries	-	302	-	-	-	-	31.856	-
OECD Countries (*)	-	2.453.392	-	-	-	-	-	-
Off-Shore Banking Regions	-	-	-	-	-	-	-	-
USA, Canada	-	-	-	-	-	-	-	-
Other Countries	-	-	-	-	-	-	-	-
Associates, Subsidiaries and Joint –Ventures	-	-	-	-	-	-	-	13.169
Unallocated Assets (**)	-	-	-	-	-	-	-	218.304
Total	5.702.181	20.590.504	29.997.386	930.838	326.710	-	245.599	231.473

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

(**) Includes asset and liability items that cannot be allocated on a consistent basis.

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

(****) Receivables in the nature of collective investment institutions were reported in the category of receivables defined under high-risk category by the Board before December 2021.

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations on Credit Risk (Continued):

Risk profile by sectors or counterparties:

Current Period (31 December 2022)	Conditional and Unconditional Receivables to Central Governments or Central Banks	Conditional and Unconditional Receivables to Banks and Brokerage Houses	Conditional and Unconditional Corporate Receivables	Conditional and Non-Conditional Real Estate Mortgage- Secured Receivables	Overdue Receivables	Receivables Defined Under High Risk Category by the Board	Collective Investment Institution Like Receivables	Other Receivables	TL	FC	TOTAL
Agriculture	-	-	225.121	-	-	-	-	-	225.121	-	225.121
Farming and Stockbreeding	-	-	-	-	-	-	-	-	-	-	-
Forestry	-	-	-	-	-	-	-	-	-	-	-
Fishery	-	-	225.121	-	-	-	-	-	225.121	-	225.121
Manufacturing	-	-	45.710.626	860.137	326.553	-	-	-	8.777.983	38.119.333	46.897.316
Mining and Quarrying	-	-	241.540	-	-	-	-	-	2.486	239.054	241.540
Production	-	-	15.881.407	573.679	82	-	-	-	7.494.445	8.960.723	16.455.168
Electricity, Gas, Water	-	-	29.587.679	286.458	326.471	-	-	-	1.281.052	28.919.556	30.200.608
Construction	-	-	358.932	-	-	-	-	-	253.916	105.016	358.932
Services	13.222.381	32.423.855	2.152.543	361.618	-	-	135.407	440.760	23.032.485	25.704.079	48.736.564
Wholesale and Retail Trade	-	-	-	-	-	-	-	-	-	-	-
Accommodation and Dining	-	4	1.340.409	214.421	-	-	-	-	464.847	1.089.987	1.554.834
Transportation and Telecommunication	-	-	95.978	-	-	-	-	-	95.978	-	95.978
Financial Institutions	13.222.381	32.423.851	441.565	125.398	-	-	135.407	440.760	22.452.909	24.336.453	46.789.362
Real Estate and Rental Services	-	-	-	-	-	-	-	-	-	-	-
Professional Services	-	-	-	-	-	-	-	-	-	-	-
Educational Services	-	-	62.741	21.799	-	-	-	-	18.751	65.789	84.540
Health and Social Services	-	-	211.850	-	-	-	-	-	-	211.850	211.850
Others	-	-	-	-	-	-	-	-	-	-	-
Total	13.222.381	32.423.855	48.447.222	1.221.755	326.553	-	135.407	440.760	32.289.505	63.928.428	96.217.933

There are no balances in the following classes.

2-Contingent and non-contingent receivables from regional or local governments

3-Contingent and non-contingent receivables from Administrative Units and Non-Commercial Enterprises

4-Contingent and non-contingent receivables from multilateral development banks

5-Contingent and non-contingent receivables from international organizations

8-Contingent and unconditional retail receivables

11-Receivables that are determined to be high risk by the Board in 11-2021 and receivables that are like collective investment institutions in 2020

12-Mortgage secured securities

13-Securitization positions

14-Short-term receivables from banks and intermediary institutions and short-term corporate receivables

16-Equity Investments

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations on Credit Risk (Continued):

Risk profile by sectors or counterparties:

Prior Period (31 December 2021)	Conditional and unconditional receivables to central governments or central banks	Conditional and unconditional receivables to banks and brokerage houses	Conditional and unconditional corporate receivables	Conditional and Non- Conditional Real Estate Mortgage- Secured Receivables	Overdue Receivables	Receivables Defined Under High Risk Category by the Board	Collective Investment Institution Like Receivables	Other Receivables	TL	FC	TOTAL
Agriculture	-	-	-	-	-	-	-	-	-	-	-
Farming and Stockbreeding	-	-	-	-	-	-	-	-	-	-	-
Forestry	-	-	-	-	-	-	-	-	-	-	-
Fishery	-	-	-	-	-	-	-	-	-	-	-
Manufacturing	-	-	27.507.544	646.477	326.710	-	-	-	2.291.215	26.189.516	28.480.731
Mining and Quarrying	-	-	-	-	-	-	-	-	-	-	-
Production	-	-	6.208.772	181.410	390	-	-	-	1.897.764	4.492.808	6.390.572
Electricity, Gas, Water	-	-	21.298.772	465.067	326.320	-	-	-	393.451	21.696.708	22.090.159
Construction	-	-	6.080	-	-	-	-	-	-	6.080	6.080
Services	5.702.181	20.590.504	2.483.762	284.361	-	-	245.599	231.463	6.893.081	22.644.789	29.537.870
Wholesale and Retail Trade	-	-	-	-	-	-	-	-	-	-	-
Accommodation and Dining	-	5	1.511.841	256.684	-	-	-	-	520.498	1.248.032	1.768.530
Transportation and Telecommunication	-	-	43.316	-	-	-	-	-	43.316	-	43.316
Financial Institutions	5.702.181	20.590.499	730.244	-	-	-	245.599	231.463	6.302.838	21.197.148	27.499.986
Real Estate and Rental Services	-	-	-	-	-	-	-	-	-	-	-
Professional Services	-	-	-	-	-	-	-	-	-	-	-
Educational Services	-	-	69.560	27.677	-	-	-	-	26.429	70.808	97.237
Health and Social Services	-	-	128.801	-	-	-	-	-	-	128.801	128.801
Others	-	-	-	-	-	-	-	10	10	-	10
Total	5.702.181	20.590.504	29.997.386	930.838	326.710	-	245.599	231.473	9.184.306	48.840.385	58.024.691

There are no balances in the following classes.

2-Contingent and non-contingent receivables from regional or local governments

3-Contingent and non-contingent receivables from Administrative Units and Non-Commercial Enterprises

4-Contingent and non-contingent receivables from multilateral development banks

5-Contingent and non-contingent receivables from international organizations

8-Contingent and unconditional retail receivables

11-Receivables that are determined to be high risk by the Board in 11-2021 and receivables that are like collective investment institutions in 2020

12-Mortgage secured securities

13-Securitization positions

14-Short-term receivables from banks and intermediary institutions and short-term corporate receivables

16-Equity Investments

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations on Credit Risk (Continued):

Analysis of Maturity-Bearing Risks According to Remaining Maturities

Risk Categories Current Period (31.12.2022)	Term to Maturity				
	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year
Conditional and unconditional receivables to central governments or central banks	344.746	903.261	1.598.141	816.145	9.472.611
Conditional and unconditional receivables to banks and brokerage houses	16.162.408	1.146.312	213.586	8.525.473	5.408.235
Conditional and unconditional corporate receivables	660.805	2.371.586	3.194.341	6.448.032	47.614.709
Conditional and unconditional retail receivables	-	-	-	-	-
Conditional and unconditional receivables secured by real estate property	13.963	50.111	67.496	134.992	955.193
Others	-	-	-	-	-
Total	17.181.922	4.471.270	5.073.564	15.924.642	63.450.748

Risk Categories Current Period (31.12.2021)	Term to Maturity				
	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year
Conditional and unconditional receivables to central governments or central banks	32.122	286.775	-	399.032	4.952.976
Conditional and unconditional receivables to banks and brokerage houses	6.975.789	174.122	593.537	293.135	8.153.186
Conditional and unconditional corporate receivables	508.136	1.197.522	1.784.770	3.569.540	28.728.485
Conditional and unconditional retail receivables	-	-	-	-	-
Conditional and unconditional receivables secured by real estate property	13.978	32.942	49.096	98.192	736.631
Others	-	-	-	-	-
Total	7.530.025	1.691.361	2.427.403	4.359.899	42.571.278

Information on Risk Categories

For the determination of risk weights for risk classes defined in the Article 6 of the “Regulation on Measurement and Assessment of Capital Adequacy of Banks”, all counter parties are treated as non-rated since no rating agency is authorized by the Bank.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.**Notes to the Unconsolidated Financial Statements as of 31 December 2022**

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SECTION FOUR (Continued)**INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)****II. Explanations on Credit Risk (Continued):****Credit Risk by Risk Weights - Standard Approach^(*)**

Current Period (31.12.2022)	0%	2%	10%	20%	25%	35%	50%	75%	100%	200%	250%	Other Risk Weights	Deductions from Equity
Risk Weights													
Before Credit Risk Mitigation	6.991.841	125.916	-	15.514.703	-	48.384	1.373.058	-	72.164.030	-	-	-	23.724
After Credit Risk Mitigation	6.991.841	125.916	-	15.514.703	-	48.384	2.712.140	-	70.824.948	-	-	-	-

^(*) Excluding counterparty credit risk and securitization positions

Prior Period (31.12.2021)	0%	10%	20%	25%	35%	50%	75%	100%	150%	250%	Other Risk Weights	Deductions from Equity
Risk Weights												
Before Credit Risk Mitigation	1.863.104	-	4.641.144	-	-	1.196.912	-	50.274.512	49.019	-	-	21.873
After Credit Risk Mitigation	1.863.105	-	4.641.144	-	-	1.358.179	-	50.113.244	49.019	-	-	-

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations on Credit Risk (Continued):

Information by Major Sectors or Type of Counterparties:

The Bank classifies its loans under the TFRS 9 Policy approved by the Board of Directors and allocates provisions. In this context, the Bank calculates and reflects the lifetime expected credit loss to the relevant loans when they have not fallen into default yet, but there is a significant increase in the credit risk at the date of credit's issuance (Stage 2) and in default (Stage 3).

In the TFRS 9 Provisions Methodology document approved by the Board of Directors, the Bank has determined the criterias of "Significant Increase in Credit Risk" and "Classification", loans are classified and provisioned according to these criterias.

Current Period (31.12.2022) Major Sectors / Counter Parties	Credits		Provisions
	Impaired Loans (TFRS 9)		Expected Credit Loss Provisions (TFRS 9)
	Significant Increase in Credit Risk (Stage 2)	Default (Stage 3)	
Agriculture	-	-	-
Farming and Stockbreeding	-	-	-
Forestry	-	-	-
Fishery	-	-	-
Manufacturing	2.229.029	850.019	666.581
Mining and Quarrying	-	-	-
Production	212.051	7.053	7.095
Electricity, Gas and Water	2.016.978	842.966	659.486
Construction	-	-	-
Services	571.759	43.221	45.056
Wholesale and Retail Trade	-	-	-
Accommodation and Dining	209.873	39.972	40.420
Transportation and Telecommunication	215.210	-	1.143
Financial Institutions	-	-	-
Real Estate and Rental Services	-	-	-
Professional Services	-	-	-
Educational Services	27.830	-	35
Health and Social Services	118.846	3.249	3.458
Others	5.642	1.134	1.136
Total	2.806.430	894.374	712.773

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations on Credit Risk (Continued):

Prior Period (31.12.2021) Major Sectors / Counter Parties	Credits		Provisions
	Impaired Loans (TFRS 9)		Expected Credit Loss Provisions (TFRS 9)
	Significant Increase in Credit Risk (Stage 2)	Default (Stage 3)	
Agriculture	-	-	-
Farming and Stockbreeding	-	-	-
Forestry	-	-	-
Fishery	-	-	-
Manufacturing	1.703.537	791.666	543.877
Mining and Quarrying	-	-	-
Production	256.847	17.043	16.929
Electricity, Gas and Water	1.446.690	774.623	526.948
Construction	-	-	-
Services	579.813	62.350	65.449
Wholesale and Retail Trade	-	-	-
Accommodation and Dining	268.017	55.615	57.494
Transportation and Telecommunication	191.232	-	978
Financial Institutions	-	-	-
Real Estate and Rental Services	-	-	-
Professional Services	-	-	-
Educational Services	30.592	-	36
Health and Social Services	89.972	6.735	6.941
Others	7.364	1.134	1.141
Total	2.290.714	855.150	610.467

Information on Movements in Value Adjustments and Provisions:

Current Period (31.12.2022)	Opening Balance	Provision for Period	Provision Reversals	Other Adjustments	Closing Balance
1. Stage 3 Provisions	528.440	101.293	(61.912)	-	567.821
2. Stage 1 and 2 Provisions	291.187	330.092	(7.644)	-	613.635

Prior Period (31.12.2021)	Opening Balance	Provision for Period	Provision Reversals	Other Adjustments	Closing Balance
1. Stage 3 Provisions	150.380	391.753	(13.693)	-	528.440
2. Stage 1 and 2 Provisions	215.611	299.605	(224.029)	-	291.187

SECTION FOUR (Continued)**INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)****III. Explanations on 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, which is 20%. The limit of the ratio has been changed to 5% effective from 9 January 2023 with the “Regulation on the Amendment to the Regulation on the Calculation and Application of Foreign Currency Net General Position/Shareholders’ Equity Standard Ratio on Consolidated and Unconsolidated Basis by Banks” published in the Official Gazette on 10 December 2022.

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>
30/12/2022	18,7104	19,9097	14,1360
29/12/2022	18,7001	19,8539	14,0128
28/12/2022	18,6996	19,9095	14,0503
27/12/2022	18,6531	19,8749	14,0651
26/12/2022	18,6923	19,8512	14,1287

The simple arithmetic average of the last thirty-day rates as of 31 December 2022; USD: TL 18,6241, Euro: TL 19,7174, 100 JPY: TL 13,8592.

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE (Continued)

III. Explanations on Currency Risk (Continued):

Information on the currency risk of the Bank:

Current Period (31.12.2022)	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 Turkey	-	-	-	-
Banks	592.546	392.374	1.275	986.195
Financial assets measured at fair value through profit and loss	129.401	28.065	-	157.466
Money market placements	-	-	-	-
Financial assets measured at fair value through other comprehensive income	2.292.410	2.874.690	-	5.167.100
Loans	15.725.093	34.154.610	-	49.879.703
Subsidiaries, associates and jointly controlled entities (joint ventures)	-	-	-	-
Financial assets measured at amortised cost	3.997.287	-	-	3.997.287
Derivative financial assets for hedging purposes	-	-	-	-
Tangible assets	-	-	-	-
Intangible assets	-	-	-	-
Other assets	29.246	89.132	-	118.378
Total assets	22.765.983	37.538.871	1.275	60.306.129

Liabilities				
Interbank deposits	-	-	-	-
Foreign currency deposits	-	-	-	-
Money market borrowings	-	-	-	-
Funds provided from other financial institutions	15.199.171	40.017.246	-	55.216.417
Securities issued	2.018.433	-	-	2.018.433
Marketable securities issued	4.646.290	-	-	4.646.290
Sundry creditors	23.660	280.953	-	304.613
Derivative financial liabilities for hedging purposes	-	-	-	-
Other liabilities	454.405	970.619	45	1.425.069
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

Prior Period (31.12.2021)				
Total assets	16.298.736	24.351.009	1.124	40.650.869
Total liabilities	17.125.684	23.061.844	-	40.187.528
Net balance sheet position	(826.948)	1.289.165	1.124	463.341
Net off-balance sheet position	846.860	(1.289.857)	-	(442.997)
Assets on derivative instruments	846.860	-	-	846.860
Liabilities on derivative instruments	-	(1.289.857)	-	(1.289.857)
Non-cash loans	1.017.718	1.234.957	-	2.252.675

^(*) The foreign currencies presented in the other FC column of assets comprise; 10% GBP, 58% CHF and 32% JPY. All of the foreign currencies in the other FC column of the liabilities section consist of GBP.

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

SECTION FOUR (Continued)**INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)****III. Explanations on Currency Risk (Continued):****Currency Risk Sensitivity:**

The following table shows the sensitivity of the Bank with 10% change in USD and EURO currencies.

	Increase in Exchange Rates	Effect on Profit/Loss (*)		Effect on Shareholders' Equity	
	%	Current Period (31.12.2022)	Prior Period (31.12.2021)	Current Period (31.12.2022)	Prior Period (31.12.2021)
USD	10	2.578	1.734	287.469	176.876
EURO	10	23.063	3.518	229.241	117.784
Other	10	128	112	-	-

(*) Indicates the values before tax.

	Decrease in Exchange Rates	Effect on Profit/Loss (*)		Effect on Shareholders' Equity	
	%	Current Period (31.12.2022)	Prior Period (31.12.2021)	Current Period (31.12.2022)	Prior Period (31.12.2021)
USD	10	(2.578)	(1.734)	(287.469)	(176.876)
EURO	10	(23.063)	(3.518)	(229.241)	(117.784)
Other	10	(128)	(112)	-	-

(*) Indicates the values before tax.

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

IV. Explanations on 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)

IV. Explanations on 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 (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
Sundry creditors	-	-	-	-	-	335.061	335.061
Marketable securities issued	-	-	2.018.433	-	-	-	2.018.433
Funds provided from other financial institutions	8.095.295	17.337.135	23.790.791	6.646.375	12.837.325	-	68.706.921
Other liabilities ⁽⁴⁾	245.491	-	-	3.528.830	2.301.046	11.501.804	17.577.171
Total Liabilities	11.301.352	17.337.135	25.809.224	10.175.205	15.138.371	11.836.865	91.598.152
Long position on balance sheet	28.607.212	-	-	2.894.837	-	-	31.502.049
Short position on balance sheet	-	(4.472.000)	(15.890.063)	-	(468.280)	(10.671.706)	(31.502.049)
Long position on off-balance sheet	8.811	167	2.215	-	-	-	11.193
Short position on off-balance sheet	-	-	-	-	-	-	-
Total Position	28.616.023	(4.471.833)	(15.887.848)	2.894.837	(468.280)	(10.671.706)	11.193

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

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

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

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

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

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

IV. Explanations on 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 (31.12.2021)	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⁾	-	-	-	-	-	2.050	2.050
Banks ⁽¹⁾	3.240.649	-	-	-	-	32.453	3.273.102
Financial assets measured at fair value through profit and loss	-	-	-	-	-	220.867	220.867
Money market placements	992.465	-	-	-	-	-	992.465
Financial assets measured at fair value through other comprehensive income ⁽³⁾	32.122	460.897	1.520.530	1.825.716	76.956	16.478	3.932.699
Loans ⁽²⁾	15.880.496	5.400.291	4.561.834	4.364.753	6.160.752	326.711	36.694.837
Financial assets measured at amortised cost	-	-	-	2.935.638	75.399	-	3.011.037
Other assets ⁽⁴⁾	365	-	-	-	-	253.312	253.677
Total Assets⁽⁵⁾	20.146.097	5.861.188	6.082.364	9.126.107	6.313.107	851.871	48.380.734
Liabilities							
Interbank deposits	-	-	-	-	-	-	-
Other deposits	-	-	-	-	-	-	-
Money market borrowings	636.329	-	-	-	-	-	636.329
Sundry creditors	-	-	-	-	-	210.813	210.813
Marketable securities issued	-	-	-	-	-	-	-
Funds provided from other financial institutions	5.725.122	8.665.090	9.775.573	7.660.137	6.902.490	-	38.728.412
Other liabilities ⁽⁴⁾	516.348	-	-	-	-	8.288.832	8.805.180
Total Liabilities	6.877.799	8.665.090	9.775.573	7.660.137	6.902.490	8.499.645	48.380.734
Long position on balance sheet	13.268.298	-	-	1.465.970	-	-	14.734.268
Short position on balance sheet	-	(2.803.902)	(3.693.209)	-	(589.383)	(7.647.774)	(14.734.268)
Long position on off-balance sheet	-	-	-	-	-	-	-
Short position on off-balance sheet	(25.425)	-	-	-	-	-	(25.425)
Total Position	13.242.873	(2.803.902)	(3.693.209)	1.465.970	(589.383)	(7.647.774)	(25.425)

⁽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, subordinated debt instruments 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)

IV. Explanations on Interest Rate Risk (Continued):

Average Interest Rates Applied to Monetary Financial Instruments (%):

End of the Current Period (31.12.2022)	EURO	USD	JPY	TRY
Assets (*)				
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	-	-	-	-
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.

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

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

End of the Prior Period (31.12.2021)	EURO	USD	JPY	TRY
Assets (*)				
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	-	-	-	-
Banks	1,03	0,10	-	20,61
Financial assets measured at fair value through profit and loss	-	-	-	-
Money market placements	-	-	-	14,50
Financial assets measured at fair value through other comprehensive income	3,02	3,27	-	18,63
Loans	3,17	4,20	-	15,30
Other financial assets measured at amortised cost	5,10	-	-	18,65
Liabilities (*)				
Interbank deposits	-	-	-	-
Other deposits	-	-	-	-
Money market borrowings	-	-	-	14,54
Sundry creditors	-	-	-	-
Marketable securities issued	-	-	-	-
Funds accepted by development and investment banks	-	0,16	-	11,00
Funds provided from other financial institutions	1,37	2,09	-	13,76

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

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

V. Explanations on Position Risk of Equity Securities:

None.

VI. Explanations on 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 (Continued)

VI. Explanations on 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 (31.12.2022)				Prior Period (31.12.2021)			
	FC	Date	FC+TL	Date	FC	Date	FC+TL	Date
Maximum (%)	95,22	04.11.2022	152,45	18.11.2022	96,26	29.10.2021	212,24	26.11.2021
Minimum (%)	53,44	30.09.2022	91,57	14.10.2022	47,15	24.12.2021	167,82	24.12.2021

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE (Continued)

VI. Explanations on Liquidity Risk Management and Liquidity Coverage Ratio (Continued):

2. Liquidity coverage ratio (Continued):

	Total Unweighted Value (Average) ^(*)		Total Weighted Value (Average) ^(*)	
Current 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
			Total Adjusted Value	
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 (Continued)

VI. Explanations on Liquidity Risk Management and Liquidity Coverage Ratio (Continued):

2. Liquidity coverage ratio (Continued):

	Total Unweighted Value (Average) ^(*)		Total Weighted Value (Average) ^(*)	
Prior Period (31.12.2021)	TL+FC	FC	TL+FC	FC
HIGH-QUALITY LIQUID ASSETS			1.832.487	822.612
Total high-quality liquid assets (HQLA)	-	-	1.832.487	822.612
CASH OUTFLOWS				
Retail and small business customers deposits	-	-	-	-
Stable deposits	-	-	-	-
Less stable deposits	-	-	-	-
Unsecured funding other than retail and small business customers deposits	656.890	502.084	469.227	341.028
Operational deposits	-	-	-	-
Non-operational deposits	-	-	-	-
Other unsecured funding	656.890	502.084	469.227	341.028
Secured funding	-	-	-	-
Other cash outflows	1.844.145	1.770.999	1.844.145	1.770.999
Liquidity needs related to derivatives and market valuation changes on derivatives transactions	1.844.145	1.770.999	1.844.145	1.770.999
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	7.814.973	3.118.618	390.749	155.931
Other irrevocable or conditionally revocable commitments	-	-	-	-
TOTAL CASH OUTFLOWS	-	-	2.704.121	2.267.958
CASH INFLOWS				
Secured receivables	-	-	-	-
Unsecured receivables	3.963.693	2.215.647	3.999.444	2.112.303
Other cash inflows	1.778.379	207.680	1.778.379	207.680
TOTAL CASH INFLOWS	5.742.072	2.423.327	5.777.823	2.319.983
			Total Adjusted Value	
TOTAL HIGH-QUALITY LIQUID ASSETS			1.832.487	822.612
TOTAL NET CASH OUTFLOWS			1.166.558	1.131.436
LIQUIDITY COVERAGE RATIO (%)			157,08	72,71

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

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE (Continued)

VI. Explanations on 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 75,7%. 10,1% of the Bank's total funding consists of funds, 8,3% consists of subordinated debt instruments, 3,5% is provided from money markets and 2,4% 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.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2022

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

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE (Continued)

VI. Explanations on 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 (31.12.2022)								
Assets								
Cash (Cash on hand, Money in Transit, Purchased Cheques and Balances with Central Bank)	835	-	-	-	-	-	-	835
Banks	68.737	8.675.865	-	-	-	-	-	8.744.602
Financial Assets Measured at Fair Value through Profit/Loss	289.829	-	-	-	-	-	-	289.829
Money Market Placements	-	6.629.640	-	-	-	-	-	6.629.640
Financial Assets Measured at Fair Value Through Other Comprehensive Income	17.174	1.575.334	1.994.551	2.434.946	2.445.298	179.640	-	8.646.943
Loans	-	527.423	1.920.101	15.830.134	28.212.887	12.415.558	326.555	59.232.658
Financial Assets Measured at Amortised Cost	-	16.155	227.887	557.883	4.448.602	2.309.995	-	7.560.522
Other Assets	-	31.094	-	-	-	-	462.029	493.123
Total Assets⁽²⁾	376.575	17.455.511	4.142.539	18.822.963	35.106.787	14.905.193	788.584	91.598.152
Liabilities								
Bank Deposits	-	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-	-
Funds provided from other financial institutions	-	5.711.508	812.497	12.022.247	25.555.812	24.604.857	-	68.706.921
Money Markets Borrowings	-	2.960.566	-	-	-	-	-	2.960.566
Securities Issued	-	-	-	-	525.205	1.493.228	-	2.018.433
Miscellaneous Payables	335.061	-	-	-	-	-	-	335.061
Other Liabilities	2.806.141	271.815	260.196	-	3.528.830	3.418.506	7.291.683	17.577.171
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
Prior Period (31.12.2021)								
Total Assets	271.848	4.691.932	1.504.991	5.888.503	27.374.214	8.069.223	580.023	48.380.734
Total Liabilities	457.661	2.855.875	698.380	3.000.160	19.233.107	14.014.139	8.121.412	48.380.734
Liquidity Gap	(185.813)	1.836.057	806.611	2.888.343	8.141.107	(5.944.916)	(7.541.389)	-
Net Off-Balance Position	-	(25.425)	-	-	-	-	-	(25.425)
Derivative Financial Assets	-	1.264.432	-	-	-	-	-	1.264.432
Derivative Financial Liabilities	-	1.289.857	-	-	-	-	-	1.289.857
Non-Cash Loans	53.119	54.972	-	53	-	2.197.703	-	2.305.847

⁽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; liabilities and equity accounts, such as the accounts with no maturities and provisions are shown in the undistributed column. Deferred tax asset is included 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. Explanations on Liquidity Risk Management and Liquidity Coverage Ratio (Continued):

Remaining maturity of contractual financial liabilities:

In compliance with the TFRS 7, the following table indicates the maturities of the Bank's major non-derivative financial liabilities. The following tables have been prepared by referencing the earliest dates of payments without discounting the liabilities. The interest to be paid to the related liabilities is included in the following table. Adjustments column shows the items that may cause possible cash flows in the following periods. The balances of the related liabilities in balance sheet do not include these amounts.

Current Period (31.12.2022)	Book Value	Principal Nominal Output	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over
Liabilities							
Funds provided from other financial institutions	68.706.921	83.584.116	647.044	1.373.229	14.243.937	33.624.196	33.695.710
Money market borrowings	2.960.566	2.960.566	2.960.566	-	-	-	-
Total	71.667.487	86.544.682	3.607.610	1.373.229	14.243.937	33.624.196	33.695.710

Prior Period (31.12.2021)	Book Value	Principal Nominal Output	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over
Liabilities							
Funds provided from other financial institutions	38.728.412	42.564.954	1.187.623	754.303	3.581.284	21.584.693	15.457.051
Money market borrowings	636.329	636.329	636.329	-	-	-	-
Total	39.364.741	43.201.283	1.823.952	754.303	3.581.284	21.584.693	15.457.051

The following table shows non-cash loans according to remaining maturities.

Current Period (31.12.2022)	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Letters of Credit	-	-	-	118.700	-	-	118.700
Endorsements	-	-	-	-	-	-	-
Letters of Guarantee	72.364	-	-	53	68.919	2.339.860	2.481.196
Acceptances	-	-	-	-	-	-	-
Other	-	-	-	-	-	441.565	441.565
Total	72.364	-	-	118.753	68.919	2.781.425	3.041.461

Prior Period (31.12.2021)	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Letters of Credit	-	54.972	-	-	-	-	54.972
Endorsements	-	-	-	-	-	-	-
Letters of Guarantee	53.119	-	-	53	-	1.869.236	1.922.408
Acceptances	-	-	-	-	-	-	-
Other	-	-	-	-	-	328.467	328.467
Total	53.119	54.972	-	53	-	2.197.703	2.305.847

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE (Continued)

VII. Explanation on Leverage Ratio:

In the current period, the rate of increase in Tier 1 capital was higher than the rate of increase in total risk amount. As of 31 December 2022, the Bank's leverage ratio calculated from the average of three months is 11,18% (31 December 2021: 11,76%). The reason why the leverage ratio of the current period is higher than the leverage ratio of the previous period is that the amount of Tier 1 capital has increased at a higher rate than the total risk amount related to on-balance sheet assets.

On-balance sheet assets (*)	Current Period (31.12.2022)	Prior Period (31.12.2021)
Balance sheet assets (Excluding derivative financial instruments and credit derivatives, including collaterals)	86.558.604	43.799.003
(Assets deducted in determining Tier 1 capital)	-	-
Total balance sheet exposures	86.558.604	43.799.003
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	993.478	7.606.402
Total derivative financial instruments and loan derivatives exposure	993.478	7.606.402
Securities financing transaction exposure		
Risk amount of financing transactions secured by marketable security or commodity (excluding on-balance sheet)	2.311.787	38.755
Risks from brokerage activities related exposures	-	-
Total risk amount of financing transactions secured by marketable security or commodity	2.311.787	38.755
Off-balance sheet items		
Gross notional amounts of off-balance sheet items	14.293.171	8.811.400
(Adjustments for conversion to credit equivalent amounts)	(9.736.392)	(6.390.186)
Total risks of off-balance sheet items	4.556.779	2.421.214
Capital and total risks		
Tier 1 capital	10.552.034	6.219.895
Total risks	94.420.648	53.865.374
Leverage ratio		
Leverage ratio	11,18	11,76

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

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGENMANT (Continued)

VIII. Explanations on the Presentation of Financial Assets and Liabilities at Fair Values:

When fair value of financial assets and liabilities are determined, discounted values are taken into consideration according to remaining maturities. Transactions traded on the stock exchange are valued by using the daily weighted average prices of the last working day on the balance sheet date based on the stock market value.

	Book Value (*)		Fair Value	
	Current Period (31.12.2022)	Prior Period (31.12.2021)	Current Period (31.12.2022)	Prior Period (31.12.2021)
Financial Assets	92.231.685	48.921.134	92.645.168	49.099.846
Money markets placements	6.634.417	993.282	6.634.417	993.282
Banks	8.757.978	3.278.675	8.757.978	3.278.675
Financial assets measured at fair value through profit and loss	289.829	220.867	289.829	220.867
Financial assets measured at fair value through other comprehensive income	8.646.943	3.932.699	8.646.943	3.932.699
Financial assets measured at amortised cost	7.562.223	3.012.392	7.760.207	3.029.885
Loans	60.340.295	37.483.219	60.555.794	37.644.438
Financial Liabilities	78.007.751	42.290.082	77.736.285	44.801.615
Interbank deposits	-	-	-	-
Other deposits	-	-	-	-
Funds provided from other financial institutions	68.706.921	38.728.412	69.027.374	41.239.945
Subordinated debt instruments	6.947.336	3.350.857	6.355.504	3.350.857
Securities issued	2.018.433	-	2.018.346	-
Sundry creditors	335.061	210.813	335.061	210.813

(*) The book values of financial assets and liabilities in the table are calculated by adding accrual amounts at the end of the period.

Methods and estimations used for the fair value determination of financial instruments which are not presented with their fair values in the financial statements:

- i- For the fair value determination of loans, interest rates as of balance sheet date are considered.
- ii- For the fair value determination of banks, interest rates as of balance sheet date are considered.
- iii- In order to calculate the fair value of other financial assets measured at amortized cost, the stock market value as of the balance sheet date has been used.
- iv- For the fair value determination of the funds provided from other financial institutions, subordinated debt instruments and securities issued, alternative resource interest rates are considered.

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VIII. Explanations on the Presentation of Financial Assets and Liabilities at Fair Values (Continued):

Information on fair value measurements recognized in the financial statements:

TFRS 7 “Financial Instruments: Disclosures” Standard requires the items, which are recognized in the balance sheet at their fair values to be shown in the notes by being classified. According to this standard, the related financial instruments are classified into three levels in such a way that they will express the significance of the data used in fair value measurements. At the first level, there are financial instruments, whose fair values are determined according to quoted prices in active markets for identical assets or liabilities, at the second level, there are financial instruments, whose fair values are determined by directly or indirectly observable market data, and at the third level, there are financial instruments, whose fair values are determined by the data, which are not based on observable market data. The financial assets, which are recognized in the balance sheet at their values, are shown below as classified according to the aforementioned principles.

Current Period (31.12.2022)	Level 1	Level 2	Level 3
Financial Assets at Fair Value Through Profit and Loss	-	-	289.829
Debt securities	-	-	-
Share certificates	-	-	289.829
Other	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	8.629.769	-	3.614
Debt securities	8.629.769	-	-
Share certificates ⁽¹⁾	-	-	3.614
Other	-	-	-
Derivative Financial Assets	-	31.094	-
Investment in Associates and Subsidiaries⁽¹⁾	-	-	-
Derivative Financial Liabilities	-	11.157	-

⁽¹⁾ Since the unlisted share certificates and investments in associates and subsidiaries are recognized at acquisition cost, these companies are not included in the table.

Prior Period (31.12.2021)	Level 1	Level 2	Level 3
Financial Assets at Fair Value Through Profit and Loss	-	-	220.867
Debt securities	-	-	-
Share certificates	-	-	213.743
Other	-	-	7.124
Financial Assets at Fair Value Through Other Comprehensive Income	3.916.222	-	2.786
Debt securities	3.916.222	-	-
Share certificates ⁽¹⁾	-	-	2.786
Other	-	-	-
Derivative Financial Assets	-	365	-
Investment in Associates and Subsidiaries⁽¹⁾	-	-	-
Derivative Financial Liabilities	-	26.693	-

⁽¹⁾ Since the unlisted share certificates and investments in associates and subsidiaries are recognized at acquisition cost, these companies are not included in the table.

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VIII. Explanations on the Presentation of Financial Assets and Liabilities at Fair Values (Continued):

The table below shows the movement table of level 3 financial assets.

Level 3 Movement Table	Current Period (31.12.2022)	Prior Period (31.12.2021)
Balance at the Beginning of the Period	223.653	122.511
Purchases During the Period	139.036	12.577
Disposals Through Sale/Redemptions	(98.411)	(28.780)
Valuation Effect	29.165	117.345
Transfers	-	-
Balance at the End of the Period	293.443	223.653

IX. Explanations on the Transactions Made on Behalf of Others and Items Held in Trust:

The Bank provides security buying, selling and custody services on behalf and account of others. The Bank also acts as an intermediary in the execution of tourism and infrastructure investments on behalf of the Republic of Turkey Ministry of Culture and Tourism, and no new resources have been transferred in this context recently.

There are no transactions based on faith by the Bank.

X. Explanations on Risk Management:

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

The Bank's risk management approach:

It should be emphasized firstly that the Bank is actively using committees and risk budgeting in decision-making mechanisms and risk management processes while assessing risk management performance in addition to the functional and financial performance, which has operational mechanisms based on a wide range of activities. Within the framework of the Bank's vision, mission, strategic objectives and targets set by the Board of Directors and risk management policies and strategies; the Asset and Liability Management Committee and the Credit Participation Committee constitute two main committees that play a critical role in the execution of the Bank's activities; which the Asset and Liability Management Committee ensuring that the assets and liabilities are managed effectively and efficiently by taking into consideration the current and possible economic developments and the factors such as interest, maturity and currency, and establishing coordination and communication between the Senior Management and the Bank's units, and the Credit Participation Committee with the function of determining the principles of lending, evaluating the credit-participation risk and the situation of the investment, evaluating the reports prepared on the loan appraisal and in summary taking care of all the lending activities. Within the framework of the short-term strategies determined by the Asset and Liability Management Committee in line with the vision and strategic objectives of the Bank's Strategic Plan, each of the units in the Bank comply with these targets and the risk budgeting application based on the consolidation of these budgets are applied to contribute to the basic activities of the Bank.

Risk monitoring processes constitute the main determinant of risk management policies in decision making processes in the Bank. The organizational structure of the risk monitoring processes is composed of, the "Internal Control" and "Risk Monitoring" Directorates which the duties and authorities established within the Bank with the decision of the Board of Directors pursuant to the Banking Law and the BRSA legislation, the Audit Committee and the Internal Inspection Department. The units within the internal systems of the Bank and the Audit Committee undertake their activities in accordance with the "Regulation on Internal Systems of Banks and Internal Capital Adequacy Assessment Process" dated 11/07/2014 and numbered 29057 of the BRSA.

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Risk Management (Continued):

1. General information on risk management and risk weighted amounts (Continued):

The Bank's risk management approach (Continued):

The general principle of the risk policies followed by the Bank where the implementation of committees and risk budgeting actively in decision-making mechanisms and risk management processes; which was approved by Board of Directors dated 11.01.2016, 2016-01-15/015 stated in the Bank's "Risk Management Strategies, Policies and Implementation Principles", "To specialize in the activities in accordance with the mission, vision and structure determined by the Establishment Law, to take risks that can be identified, controlled and / or managed, and to make efforts to avoid any risks other than the risks inevitable and arising as part of the nature of the activities". While the Bank is specializing in its activities in accordance with its vision and structure in line with this general principle, it shapes the asset composition in line with this principle and in the risk management policy it is subject to the principle of "taking risks that can be controlled and / or managed, not taking any risks other than the risks that are unavoidable and to apply this principle as much as possible. In this context, it is the basic principle to ensure that the risks to be taken are defined and manageable.

In addition, to the extent that risk measurement and reporting techniques allow, measurement of the present and future potential impacts of the risks taken is made possible and written limits for the risks arising from the operations of the Bank and for the digitization are determined according to the BRSA regulations. Therefore, the risk appetite of the Bank is determined and monitored by the risk limits prepared in accordance with the provisions of Article 39 titled "Risk Appetite Structure" of Internal Systems and ICAAP Regulations of Banks No. 29057 issued by the BRSA and published in the Official Gazette on 11 July 2014. "Risk Limits and Implementation Principles", which are revised by the Risk Monitoring Department annually in accordance with the Bank's risk policies and accepted by the Board of Directors, are the main policy that determines the Bank's risk appetite structure.

According to the "Risk Limits and Implementation Guidelines" which is the most important indicator of the risk appetite of the bank, limits, early warning limits and actions to be taken in case of exceeding limit are determined by basic risk groups. In determining limits, the legal limits shape the general framework. However, in addition to the principle of prudence in risk management, specific limits specific to the Bank are also set for each risk type. The early warning limits are intended to prevent limit overs, and the limits are set one level below (or above). Each risk group covered by the Bank's risk limits is monitored by reports made to the Senior Management and the Audit Committee on a daily, weekly, monthly basis by the Risk Management Department and is first informed to the relevant unit in the framework of the actions to be taken in determining the elimination of exceeded limits.

It is clear that both the decision-making mechanisms and the risk management processes are the general principle of risk policies and the Bank has a "risk avoider" risk appetite within the framework of risk limits and implementation principles.

The limits stated in the text of "Risk Appetite Structure, Risk Limits and Implementation Principles" approved by the Board of Directors within the framework of the 37th article of "Regulation on Internal Systems of Banks" issued by the BRSA for quantifiable risks arising from the activities of the Bank are determined. The Risk Management Department monitors compliance with these limits and regularly reports to the Board of Directors, the Audit Committee and the Senior Management.

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Risk Management (Continued):

1. General information on risk management and risk weighted amounts (Continued):

The Bank's risk management approach (Continued):

Stress test scenario analyzes carried out by the Bank within the scope of risk management activities include various techniques to measure the potential resilience of the Bank portfolio against unexpected risks. Capital Planning Buffer prepared in accordance with the provisions of the “Stress Test Program” specified in article 43 of “Regulation on Internal Systems of Banks and Internal Capital Adequacy Assessment Process” and Guidelines for Stress Tests to be Used by Banks in Capital and Liquidity Planning and specified in Article 59 of the Regulation. The results of the implementation of the scenarios determined by the BRSA used in the calculation are sent to the BRSA within the scope of the ISEDES (Internal Capital Adequacy Assessment Process) Report prepared by Risk Management Department annually. In the ISEDES Report, the Bank's capital adequacy level is evaluated by applying the BRSA and our Bank scenarios on the Bank's 3-year Strategic Plan predictions.

The stress test scenario analyzes, which are updated quarterly for the Bank, are also structured in a structure parallel to ISEDES practices. Stress testing is carried out by applying two negative scenarios of the relevant year, determined by the BRSA, to the financial statements and capital adequacy ratio components of the period to be tested.

In the stress test study, shocks are given on the basis of two basic parameters (interest and exchange rate), and by each parameter and each scenario the effects of these shocks on;

- i- Balance Sheet and Income Statement
- ii- Legal Equity
- iii- Risk Weighted Assets (RWA)
- iv- Capital Adequacy Ratio (CAR)

are evaluated.

The first parameter used in the scenario analysis is the exchange rate and the other is the interest rates. Exchange rate and interest shocks are designed as base, negative and extremely negative scenarios sent by BRSA.

On the Bank's securities portfolio, portfolio sensitivity is firstly calculated against changes in interest rates, and two separate scenarios are set forth to compensate for the potential loss arising from adverse interest rate changes.

The Bank's “Proforma Cash Flows Statement” analysis, which is prepared based on the possible cash inflows and outflows in the next one-year period, including seven different scenarios, ranging from 45 percent to 95 percent of “loan collection rates” and implicitly including currency and interest forecasts, it is the most detailed scenario analysis that the Bank has prepared. In this analysis, the effects of different collection ratios on the liquidity risk of the Bank are evaluated.

SECTION FOUR (Continued)**INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)****X. Explanations on Risk Management (Continued):****1. General information on risk management and risk weighted amounts (Continued):**

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 31 December 2022, 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 (31.12.2022)	Prior Period (31.12.2021)	Current Period (31.12.2022)
1	Credit risk (excluding counterparty credit risk) (CCR)	74.807.459	47.688.739	5.984.597
2	Of which standardized approach (SA)	74.807.459	47.688.739	5.984.597
3	Of which internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	692.432	4.132.737	55.395
5	Of which standardized approach for counterparty credit risk (SA-CCR)	692.432	4.132.737	55.395
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	107.525	758.350	8.602
17	Of which standardized approach (SA)	107.525	758.350	8.602
18	Of which internal model approaches (IMM)	-	-	-
19	Operational Risk	1.883.165	1.253.803	150.653
20	Of which basic indicator approach	1.883.165	1.253.803	150.653
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)	77.490.581	53.833.629	6.199.247

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Risk Management (Continued):

2. Credit risk explanations

General qualitative information on credit risk:

The Bank calculates its legal credit risk as per the framework of the “Regulation on the Measurement and Evaluation of Banks’ Capital Adequacy” and Basel II criteria. The management of credit risk is essential in such a way as to ensure that the standard ratio of legal capital adequacy is above the minimum limit of existing regulations.

Within the scope of “Basel II application” under the measure of credit risk, the standard method prescribed by the BRSA is used and this measurement method based on weighting to the classes and guarantees of the loans is embodied in the KR520 form which is reported monthly to the BRSA. There are basically 3 main headings of the form:

- Risk Classes,
- Credit Risk Reduction Techniques and Credit Risk Substitution Effects,
- Distribution by Risk Weights.

In order to determine the credit risk, the Bank’s Risk Weighted Assets are classified by “Separation On The Basis of Risk Classes”. After the asset is classified according to the risk classes, collaterals received on loans are assessed under Basel II “Credit Risk Mitigation Techniques and Credit Risk Substitution Effects”. The credit risk is measured monthly within the standard method framework, by using the algorithm in the “Basel II Credit Rating Classification”.

Respecting the credit risk management measurement, monitoring, stress testing and scenario analysis studies in line with the volume, quality and complexity of loans and reporting results are provided to the Audit Committee and the Board of Directors.

Beside the standard method for determining the level of credit risk that the Bank may encounter, by moving from the Bank’s loan portfolio structure for risk measurement and monitoring activities;

- Credit Risks by Sectors
- Credit Risks by Region
- Non-performing Loans Analysis
- Concentration Analysis of Credits
- Risks Weights of Loan Collaterals
- Sectoral Risks According to Risk Weights of Loans
- Distribution of Loans by Maturity and Source
- Distribution of Performing Credits are analyzed and reported.

In the Bank’s credit risk management policy, diversification of credit portfolio is essential. Although the Bank is not subject to the credit restrictions imposed on banks accepting deposits pursuant to Article 77 of the Banking Law No. 5411, the Bank has determined its credit limits with the “Credit Policy” published with the approval of the Board of Directors. Credit risk limits are determined in the text of “Risk Appetite Structure, Risk Limits and Implementation Principles” approved by the Board of Directors, and the limits are monitored daily, weekly and monthly by the Risk Management Unit and reported to the Top Management.

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Risk Management (Continued):

2. Credit risk explanations:

General qualitative information on credit risk:

All units, including the departments within the Scope of Internal Systems, fulfill their duties, authorities, and responsibilities within the scope of credit risk management within the framework of the Banking Law, Internal Systems Regulation, and Bank's Duties, Authorities, Responsibilities, and Organization Principles.

The senior management is responsible for the implementation of the credit risk strategy approved by the board of directors and the development of policies and procedures for the recognition, measurement, monitoring, and control of credit risk, and these policies and procedures include credit risks related to all banking activities in the Bank's portfolio.

The explanations prepared by 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 below.

The Bank reveals risks of the effects of income/expense, capital loss, liquidity adequacy, etc. that may arise regarding macroeconomic indicators and bank-specific situations with periodic reports and stress test studies. Daily, weekly, monthly and annual reports are produced with the risk measurement models and methods used by the Bank regarding the risk situation of the Bank, and they are regularly reported to the Board of Directors, Audit Committee, and Senior Management. The possible effects on the Bank's equity and capital adequacy ratios and liquidity adequacy level are closely monitored.

It is aimed to disseminate the risk appetite framework and culture created by the Bank through the training given to the personnel, risk measurements and reporting, and risk reporting to the Board of Directors, Senior Management, and Committees.

As a part of the risk appetite structure, it is aimed to determine the risk appetite level of the Bank through regulations such as the determination of risk limits, limit exceedance exceptions, and early warning levels. Limits are updated periodically, taking into account the developments in the Bank's strategy and risk appetite. Early warning levels indicating that the determined limits are approached have also been determined, and in case the limit levels are approached or exceeded, the relevant units take the necessary actions and arrangements. Risk limits are determined together with the relevant senior managers, including the Manager of the Risk Management Unit and the General Manager of the Bank, and submitted to the Board of Directors for approval following the approval of the Audit Committee. While determining the limits, the macroeconomic environment and market trends, as well as the targets and policies of the Bank are taken into account, and risk concentration limits are determined based on sector, geographical region, country and product.

Since the Bank uses a standard approach in capital adequacy calculations, explanations within the scope of the internal rating-based approach are not included.

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Risk Management (Continued):

2. Credit risk explanations (Continued):

Credit quality of assets:

Current Period (31.12.2022)		Default (a)	Not Overdue (b)	Provisions/Amortisations and Impairment (c)	Net Value (a+b-c)
		Gross carrying value as per TAS			
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 sheet assets	2	3.041.459	(49.545)	2.991.916
4	Total	894.376	78.693.181	(1.177.154)	78.410.403

Prior Period (31.12.2021)		Default (a)	Not Overdue (b)	Provisions/Amortisations and Impairment (c)	Net Value (a+b-c)
		Gross carrying value as per TAS			
1	Loans	855.150	36.628.069	(788.382)	36.694.837
2	Debt securities	-	6.986.053	(61.568)	6.924.485
3	Off-balance sheet assets	2	2.305.845	(20.725)	2.285.122
4	Total	855.152	45.919.967	(870.675)	45.904.444

Changes in non-performing loans and debt securities:

Current 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)

X. Explanations on Risk Management (Continued):

2. Credit risk explanations (Continued):

Changes in non-performing loans and debt securities (Continued):

Prior Period (31.12.2021)

1	Defaulted loans and debt securities at the end of prior reporting period	218.511
2	Defaulted loans and debt securities from last reporting period	692.567
3	Receivables that are not defaulted	(55.928)
4	Amounts written of	-
5	Other changes	-
6	Defaulted loans and debt securities at the end of reporting period (1+2-3-4+-5)	855.150

Additional disclosures about the credit quality of assets:

The Bank evaluates its financial assets in 3 stages within the scope of TFRS 9. In this context, the Bank calculates the lifetime expected credit loss for the loans that have defaulted (Stage 3) and loans that have not yet defaulted, but have significantly increased credit risk at the date of disbursement of the loan (Stage 2). For other financial assets within the scope of TFRS 9 (Stage 1); the Bank reflects the calculation including the probability of default within 12 months after the reporting date as the expected loss reserve.

Loans and other receivables, including overdue interest, are restructured under the Provisioning Regulation by providing additional credits, if necessary, in order to provide liquidity to the borrower for the purposes of ultimately enabling collection of the receivables in the event that it is arising from temporary liquidity difficulties.

Provisional liquidity problem is considered as manageable cash inflow difficulty arising from the fact that a borrower with credit risk that is able to fulfill its obligations on time and on its terms would have been fundamentally irregular due to fluctuations in sales revenue or operating income due to unforeseen and temporary consequences.

Restructured loans are continued to be classified and followed up in the groups that they are followed up until that date. Within this period, provision continues at rates applicable to the group in which they are monitored for the related receivables.

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Risk Management (Continued):

2. Credit risk explanations (Continued):

Additional disclosures about the credit quality of assets (Continued):

Breakdown of non-performing loans and respective provisions by geographic regions

Current Period (31.12.2022)	Non-performing loans	Stage 3 Expected Credit Loss
Domestic	894.374	567.821
European Countries	-	-
OECD Countries	-	-
Total	894.374	567.821

Prior Period (31.12.2021)	Non-performing loans	Stage 3 Expected Credit Loss
Domestic	855.150	528.440
European Countries	-	-
OECD Countries	-	-
Total	855.150	528.440

Information in terms of major sectors and type of counterparties

Current Period (31.12.2022)	Loans	Non-Performing Loans	Expected Credit Loss Provision	Total
Agriculture	-	-	-	-
Farming and animal breeding	-	-	-	-
Forestry	-	-	-	-
Fishery	-	-	-	-
Industry	42.973.937	850.019	1.012.119	42.811.837
Mining and quarry	-	-	-	-
Manufacturing	15.934.000	7.053	65.189	15.875.864
Electricity, gas and water	27.039.937	842.966	946.930	26.935.973
Construction	698.848	-	5.294	693.554
Service	15.258.960	43.221	87.660	15.214.521
Wholesale and retail trade	214.821	-	2.396	212.425
Hotel and food services	1.341.560	39.972	46.462	1.335.070
Transportation and communication	215.210	-	1.143	214.067
Financial institutions	12.755.856	-	28.802	12.727.054
Real estate and leasing services	253.916	-	3.405	250.511
Self-employment services	-	-	-	-
Educational services	84.540	-	261	84.279
Health and social services	393.057	3.249	5.191	391.115
Other	514.176	1.134	2.564	512.746
Total	59.445.921	894.374	1.107.637	59.232.658

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Risk Management (Continued):

2. Credit risk explanations (Continued):

Information in terms of major sectors and type of counterparties

(Prior Period 31.12.2021)	Loans	Non-Performing Loans	Expected Credit Loss Provision	Total
Agriculture	52.051	-	1.354	50.697
Farming and animal breeding	52.051	-	1.354	50.697
Forestry	-	-	-	-
Fishery	-	-	-	-
Industry	25.869.544	791.666	675.962	25.985.248
Mining and quarry	-	-	-	-
Manufacturing	6.032.518	17.043	37.360	6.012.201
Electricity, gas and water	19.837.026	774.623	638.602	19.973.047
Construction	49.394	-	464	48.930
Service	10.593.139	62.350	109.407	10.546.082
Wholesale and retail trade	47.373	-	227	47.146
Hotel and food services	1.413.934	55.615	70.170	1.399.379
Transportation and communication	525.831	-	2.439	523.392
Financial institutions	8.126.829	-	25.054	8.101.775
Real estate and leasing services	253.133	-	4.180	248.953
Self-employment services	-	-	-	-
Educational services	97.238	-	372	96.866
Health and social services	128.801	6.735	6.965	128.571
Other	63.941	1.134	1.195	63.880
Total	36.628.069	855.150	788.382	36.694.837

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Risk Management (Continued):

2. Credit risk explanations (Continued):

Maturity analysis for non-performing loans

Current Period (31.12.2022)	Up to 3 Months	3-12 Months	1-3 Years	3-5 Years	5 Years and above
Corporate and Commercial Loans	-	-	842.966	-	50.274
Other	-	-	-	-	1.134
Total	-	-	842.966	-	51.408

Prior Period (31.12.2021)	Up to 3 Months	3-12 Months	1-3 Years	3-5 Years	5 Years and above
Corporate and Commercial Loans	656.092	-	118.531	815	78.578
Other	-	-	-	-	1.134
Total	656.092	-	118.531	815	79.712

Breakdown of restructured receivables by whether provision has been allocated or not

	Current Period (31.12.2022)		Prior Period (31.12.2021)	
	Loan Balance	Expected Loss Provisions	Loan Balance	Expected Loss Provisions
Restructured from Performing Loans	604.972	21.569	387.610	6.534
Restructured from Non-Performing Loans	22.848	145	31.198	145
Toplam	627.820	21.714	418.808	6.679

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Risk Management (Continued):

2. Credit risk explanations (Continued):

Qualitative requirements to be disclosed to the public regarding credit risk mitigation techniques:

In the calculation of the amounts subject to credit risk, the Bank evaluates the loans in terms of risk weight, taking into consideration the risk classes, grading notes and risk reduction elements within the context of "Communiqué on Credit Risk Mitigation Techniques".

The Bank does not make on-balance sheet and off-balance sheet netting within the scope of credit risk mitigation. Applications related to valuation and management of collateral are carried out in line with the "Communiqué on Credit Risk Mitigation Techniques". Main guarantees taken by the Bank in the context of credit risk mitigation techniques are financial guarantees (cash) and guarantees (Turkish Treasury and banks). Monetary guarantees are evaluated with the most recent values as of the reporting date in the credit risk reduction process. In the event that a bank loan customer receives guarantees obtained from other institutions, the credit risk worthiness of the guaranteeing institution in the credit risk reduction process is taken into consideration. Risk-reducing effects of collaterals are taken into account through standard volatility adjustments in the portfolios in which the comprehensive financial guarantee method is used.

Overview of credit risk mitigation techniques:

	Current 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
1	Loans	3.014.941	57.325.354	100%	-	-	-	-
2	Debt Instruments	-	16.205.801	100%	-	-	-	-
3	Total	3.014.941	73.531.155	100%	-	-	-	-
4	Overdue	-	894.374	100%	-	-	-	-

	Prior Period (31.12.2021)	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
1	Loans	1.090.349	36.392.870	100%	-	-	-	-
2	Debt Instruments	-	6.986.053	100%	-	-	-	-
3	Total	1.090.349	43.378.923	100%	-	-	-	-
4	Overdue	-	855.150	100%	-	-	-	-

Qualitative information on ratings used by the banks while calculating credit risk with standard approach :

The risk weights of the risk categories as per the Article 6 of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" are determined pursuant to the regulations. Any external risk ratings which are determined by any international rating agency are not used.

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Risk Management (Continued):

2. Credit risk explanations (Continued):

Standard Approach - Credit risk exposure and credit risk mitigation effects:

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

Current Period (31.12.2022)	Exposures before CCF and CRM		Exposures post-CCF and CRM		Risk Weighted Amount and Intensity of Risk Weighted Amount	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	Risk weighted amount	Intensity of risk weighted amount
Risk Class						
Exposures to sovereigns and central banks	13.576.048	-	14.124.977	-	7.263.824	51,4%
Exposures to regional and 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%
Overdue items	326.553	-	326.553	-	163.277	50,0%
Exposures in high-risk categories	129.401	6.006	-	-	-	0,0%
Collateralized securities	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	-	-	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)

X. Explanations on Risk Management (Continued):

2. Credit risk explanations (Continued):

Standard Approach - Credit risk exposure and credit risk mitigation effects (Continued):

Prior Period (31.12.2021)	Exposures before CCF and CRM		Exposures post-CCF and CRM		Risk Weighted Amount and Intensity of Risk Weighted Amount	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	Risk weighted amount	Intensity of risk weighted amount
Exposures to sovereigns and central banks	5.702.181	-	6.348.981	-	4.569.211	72,0%
Exposures to regional and 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	13.509.532	174.514	20.751.762	9	16.861.385	81,3%
Exposures to corporates	29.919.733	5.816.743	26.910.967	2.278.352	29.189.319	100,0%
Retail exposures	-	-	-	-	-	-
Exposures secured by residential property	51.764	-	51.764	-	29.687	57,4%
Exposures secured by commercial property	879.074	-	879.074	-	482.856	54,9%
Overdue items	326.711	-	326.710	-	163.355	50,0%
Exposures in high-risk categories	-	-	-	-	-	-
Collateralized securities	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	-	-	213.743	31.856	270.109	110,0%
Other exposures	229.623	-	231.473	-	228.169	98,6%
Equity share investments	-	-	-	-	-	-
Total	50.618.618	5.991.257	55.714.474	2.310.217	51.794.091	89,3%

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Risk Management (Continued):

2. Credit risk explanations (Continued):

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 (31.12.2022)													
	Risk Class/Risk Weight	0%	2%	10%	20%	35%	50%	75%	100%	200%	250%	Other	Total risk amount (after CCF and CRM)
1	Exposures to sovereigns and central banks	6.861.153	-	-	-	-	-	-	7.263.824	-	-	-	14.124.977
2	Exposures to regional and local governments	-	-	-	-	-	-	-	-	-	-	-	-
3	Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-	-	-	-	-	-	-
4	Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-
5	Exposures to international organizations	-	-	-	-	-	-	-	-	-	-	-	-
6	Exposures to banks and brokerage houses	128.516	125.916	-	15.514.703	-	1.403.024	-	16.590.778	-	-	-	33.762.937
7	Exposures to corporates	-	-	-	-	-	-	-	46.205.544	-	-	-	46.205.544
8	Retail exposures	-	-	-	-	-	-	-	-	-	-	-	-
9	Exposures secured by residential property	-	-	-	-	48.384	-	-	-	-	-	-	48.384
10	Exposures secured by commercial property	-	-	-	-	-	982.563	-	190.808	-	-	-	1.173.371
11	Past-due items	-	-	-	-	-	326.553	-	-	-	-	-	326.553
12	Exposures in high-risk categories	-	-	-	-	-	-	-	-	-	-	-	-
13	Collateralized securities	-	-	-	-	-	-	-	-	-	-	-	-
14	Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-	-
15	Exposures in the form of collective investment undertakings	-	-	-	-	-	-	-	135.407	-	-	-	135.407
16	Other exposures	-	-	-	-	-	-	-	-	-	-	-	-
17	Equity share investments	2.172	-	-	-	-	-	-	438.587	-	-	-	440.759
18	Total	6.991.841	125.916	-	15.514.703	48.384	2.712.140	-	70.824.948	-	-	-	96.217.932

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Risk Management (Continued):

2. Credit risk explanations (Continued):

Standard Approach: Exposures by asset classes and risk weights (Continued):

Prior Period (31.12.2021)													
	Risk Class/Risk Weight	0%	10%	20%	25%	35%	50%	75%	100%	150%	250%	Other	Total risk amount (after CCF and CRM)
1	Exposures to sovereigns and their central banks	1.779.770	-	-	-	-	-	-	4.569.211	-	-	-	6.348.981
2	Exposures to regional and local governments	-	-	-	-	-	-	-	-	-	-	-	-
3	Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-	-	-	-	-	-	-
4	Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-
5	Exposures to international organizations	-	-	-	-	-	-	-	-	-	-	-	-
6	Exposures to banks and brokerage houses	80.032	-	4.641.144	-	-	194.878	-	15.835.717	-	-	-	20.751.771
7	Exposures to corporates	-	-	-	-	-	-	-	29.189.319	-	-	-	29.189.319
8	Retail exposures	-	-	-	-	-	-	-	-	-	-	-	-
9	Exposures secured by residential property	-	-	-	-	-	44.154	-	7.610	-	-	-	51.764
10	Exposures secured by commercial property	-	-	-	-	-	792.437	-	86.637	-	-	-	879.074
11	Past-due items	-	-	-	-	-	326.710	-	-	-	-	-	326.710
12	Exposures in high-risk categories	-	-	-	-	-	-	-	-	-	-	-	-
13	Collateralized securities	-	-	-	-	-	-	-	-	-	-	-	-
14	Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-	-
15	Exposures in the form of collective investment undertakings	-	-	-	-	-	-	-	196.580	49.019	-	-	245.599
16	Other exposures	-	-	-	-	-	-	-	-	-	-	-	-
17	Equity share investments	3.303	-	-	-	-	-	-	228.170	-	-	-	231.473
18	Total	1.863.105	-	4.641.144	-	-	1.358.179	-	50.113.244	49.019	-	-	58.024.691

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Risk Management (Continued):

3. Explanations on counterparty credit risk:

Evaluation of counterparty credit risk according to measurement methods:

A counterparty credit risk is the risk that a counterparty who is involved in a transaction that is liable to both parties defaults before the final payment in the cash flow of that transaction.

The Bank takes necessary measures to limit counterparty credit risks arising from bilateral transactions, such as off-balance sheet over the counter derivative transactions, by taking into account risk capacities.

Transactions made by the Treasury Department including counter-party risks such as over the counter forward, swaps and options are reported daily to the Senior Management and Risk Management Department. All transactions made with counterparty are considered within the limits of the counterparty. Exceeded limits are reported daily to the responsible managers and are recorded with all measures taken to overcome these limitations.

	Current Period (31.12.2022)	Replacement Cost	Potential Credit Risk Amount	EEPE	Alpha Used for Competing Regulatory EAD	EAD Post- CRM	Risk Weighted Amounts
1	Standardized Approach - CCR (for derivatives)	159.367	516.261		1,4	945.880	682.781
2	Internal Model Method ((for derivative transactions and security financing transactions))			-	-	-	-
3	Simple financial collateral method used for KRA (for securities financing transactions)					-	-
4	Comprehensive financial collateral method used for KRA (for securities financing transactions)					-	-
5	Value-at-risk for securities financing transactions					86.642	9.651
6	Total						692.432

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Risk Management (Continued):

3. Explanations on counterparty credit risk (Continued):

Evaluation of counterparty credit risk according to measurement methods:

Prior Period (31.12.2021)		Replacement Cost	Potential Credit Risk Amount	EEPE	Alpha Used for Competing Regulatory EAD	EAD Post- CRM	Risk Weighted Amounts
1	Standardized Approach - CCR (for derivatives)	-	-		1,4	-	-
2	Internal Model Method (for derivatives, repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)			-	-	-	-
3	Simple Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					-	-
4	Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					-	-
5	Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions					4.406.176	4.129.777
6	Total						4.129.777

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Risk Management (Continued):

3. Explanations on counterparty credit risk (Continued):

Capital Requirements for CVA

Derivative transactions of the Bank consists of forward foreign exchange buying and selling and swap money buying and selling transactions. There are no interest-based swap transactions, option contracts and other derivative transactions. There are no derivative products to be created to differentiate them from the main product of the Bank, and there are no transactions with possibility of collateral completion.

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

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Risk Management (Continued):

3. Explanations on counterparty credit risk (Continued):

Standard approach - counterparty credit risk based on risk classes and risk weights:

Current Period (31.12.2022)											
Risk Weights/Risk Class	0%	2%	20%	35%	50%	75%	100%	150%	200%	Other	Total credit exposure (*)
Exposures to sovereigns and their central banks	38.385	-	48.257	-	-	-	-	-	-	-	9.651
Exposures to regional and 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	125.916	13.982	-	-	-	677.466	-	-	-	682.781
Exposures to corporates	-	-	-	-	-	-	-	-	-	-	-
Retail exposures	-	-	-	-	-	-	-	-	-	-	-
Other assets (**)	-	-	-	-	-	-	-	-	-	-	-
Total	166.901	125.916	62.239	-	-	-	677.466	-	-	-	692.432

(*) Total credit risk: Risk amount related to capital adequacy computation after the counterparty credit risk measurement techniques are applied.

(**) Other receivables: Includes amounts not included in the counterparty credit risk reported in the table of risks to the central counterparty.

Prior Period (31.12.2021)									
Risk Weights/Risk Class	0%	10%	20%	50%	75%	100%	150%	Other	Total credit exposure (*)
Exposures to sovereigns and their central banks	14.798	-	-	-	-	-	-	-	-
Exposures to regional and 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	-	-	327.001	-	-	4.064.377	-	-	4.129.777
Exposures to corporates	-	-	-	-	-	-	-	-	-
Retail exposures	-	-	-	-	-	-	-	-	-
Other assets (**)	-	-	-	-	-	-	-	-	-
Total	14.798	-	327.001	-	-	4.064.377	-	-	4.129.777

(*) Total credit risk: Risk amount related to capital adequacy computation after the counterparty credit risk measurement techniques are applied.

(**) Other receivables: Includes amounts not included in the counterparty credit risk reported in the table of risks to the central counterparty.

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Risk Management (Continued):

3. Explanations on counterparty credit risk (Continued):

Collaterals for counterparty credit risk:

A counterparty credit risk is the risk that a counterparty who is involved in a transaction that is liable to both parties defaults before the final payment in the cash flow of that transaction.

The Bank takes necessary measures to limit counterparty credit risks arising from bilateral transactions, such as off-balance sheet derivative transactions, by taking into account risk capacities.

Current Period (31.12.2022)	Collaterals for derivative transactions				Collaterals for other transactions	
	Collaterals received		Collaterals given		Collaterals received	Collaterals given
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash-domestic currency	-	-	-	-	-	-
Cash-foreign currency	-	-	-	-	-	-
Domestic sovereign debt	-	-	266.911	-	-	2.918.261
Other sovereign debt	-	-	-	-	-	-
Government agency debt	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	-	266.911	-	-	2.918.261

Prior Period (31.12.2021)	Collaterals for derivative transactions				Collaterals for other transactions	
	Collaterals received		Collaterals given		Collaterals received	Collaterals given
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash-domestic currency	-	-	-	-	-	-
Cash-foreign currency	-	-	-	-	-	-
Domestic sovereign debt	-	-	-	-	84.925	655.929
Other sovereign debt	-	-	-	-	-	-
Government agency debt	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	-	-	-	84.925	655.929

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Risk Management (Continued):

3. Explanations on counterparty credit risk (Continued):

Credit derivatives

None.

Exposures to central counterparties (CCP)

Current Period (31.12.2022)	Risk Amount After KRA	RWA
Total risks arising from qualified transactions where one of the parties is CCP	275.728	2.855
Regarding the risks arising from the transactions in the CCP (excluding the initial margin and the amount placed in the guarantee fund)	125.916	2.518
(i) OTC derivatives	-	-
(ii) Other derivative transactions	125.916	2.518
(iii) Securities financing transactions	-	-
(iv) Netting groups to which cross product netting is applied	-	-
Non-free initial margin	132.965	-
Free initial deposit	-	-
The amount put into the guarantee fund	16.847	337
The amount promised to be put into the guarantee fund	-	-
Total risks arising from non-qualified transactions where one of the parties is CCP	-	-
Regarding the risks arising from the transactions in the CCP (excluding the initial margin and the amount placed in the guarantee fund)	-	-
(i) OTC derivatives	-	-
(ii) Other derivative transactions	-	-
(iii) Securities financing transactions	-	-
(iv) Netting groups to which cross product netting is applied	-	-
Non-free initial margin	-	-
Free initial deposit	-	-
The amount put into the guarantee fund	-	-
The amount promised to be put into the guarantee fund	-	-

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Risk Management (Continued):

3. Explanations on counterparty credit risk (Continued):

Explanations on securitizations

None.

4. Explanations on market risk:

Qualitative information to be publicly disclosed on market risk:

The Bank is exposed to market risk depending on the fluctuations that may occur in the financial market as a result of its activities, in exchange rates, interest rates and stock prices.

The Bank calculates and legally reports its market risk by using the standard method within the framework of the provisions of the “Regulation Regarding the Measurement and Evaluation of Banks’ Capital Adequacy” published in the Official Gazette No. 29511 dated 23 October 2015.

In addition to the monthly standardized methodology, the market risk is calculated on a daily basis using the Value At Risk (“VaR”) approach. The VaR calculated by using the internal model to predict the potential loss in financial market conditions, the stress tests and scenario analysis results, including the price changes occurring in the crises that occurred in previous years or the probable effects of different interest and exchange rate shocks on existing portfolios are reported to Audit Committee and top management.

In accordance with the “Regulation on the Internal Systems of Banks and the Internal Capital Adequacy Assessment Process” published on the Official Gazette dated 11 July 2014 and numbered 29057, the limits of these risks are determined by taking into account the main risks borne by the Bank and such risk limits are determined within the framework of changing market conditions and Bank strategies “Risk Appetite Structure, Risk Limits and Implementation Principles” which are frequently revised and approved by the Board of Directors.

The reports prepared within the framework of compliance with the risk limits are regularly presented to the Board of Directors, the Audit Committee and senior management.

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Risk Management (Continued):

4. Explanations on market risk (Continued):

PR1-Market risk amounts based on standard approach:

		Current Period 31.12.2022	Prior Period 31.12.2021
		RWA	RWA
	Direct (cash) Products		
1	Interest rate risk (general and specific)	-	-
2	Equity risk (general and specific)	-	-
3	Foreign exchange risk	107.525	758.350
4	Commodity risk	-	-
	Options		
5	Simplified approach	-	-
6	Delta-plus method	-	-
7	Scenario approach	-	-
8	Securitization	-	-
9	Total	107.525	758.350

5. Link between the financial statements and risk amounts:

Explanations on differences between the amounts prepared as per TAS and the risk amounts:

“Credit Risks” are calculated over the securities classified as “Financial assets at fair value through profit or loss” and “Financial assets at fair value through other comprehensive income”.

Repurchase and reverse repo transactions of the Bank are subject to “Counterparty Credit Risks” and the Capital Obligation against Counterparty Credit Risk is calculated and reported under the “Credit Risk”. In addition, “Market Risk” is calculated over the securities used in the “Reverse Repo” transactions.

The amount included in the “Off-balance sheet amounts” line of the B2 table is reported as “Subject to Credit risk” by multiplying with “Credit Conversion Rates”.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.**Notes to the Unconsolidated Financial Statements as of 31 December 2022**

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

SECTION FOUR (Continued)**INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)****X. Explanations on Risk Management (Continued):****5. Linkages between the financial statements and risk amounts (Continued):****Differences and matching between accounting consolidation and legal consolidation:**

Current Period (31.12.2022)	Carrying values in financial statements prepared as per TAS	Carrying values in financial statements prepared as per TAS within legal consolidation	Items in accordance with TMS				
			Subject to credit risk	The counterparty credit risk	Securitization positions	Subject to market risk	Not subject to capital requirements or subject to deduction from capital
Assets							
Cash and balances with the Central Bank	835	-	835	-	-	-	-
Financial assets held for trading	132.363	-	132.363	-	-	-	-
Financial assets at fair value through profit or loss	157.466	-	157.466	-	-	-	-
Banks	8.744.602	-	8.744.602	-	-	-	-
Money market receivables	6.629.640	-	6.629.640	-	-	-	-
Financial assets at fair value through other comprehensive income	8.646.943	-	8.646.943	-	-	-	-
Derivative financial assets	31.094	-	31.094	-	-	-	-
Loans and receivables	59.232.658	-	59.232.658	-	-	-	-
Factoring receivables	-	-	-	-	-	-	-
Financial assets measured at amortised cost	7.560.519	-	7.560.519	-	-	-	-
Associates	10.586	-	10.586	-	-	-	-
Subsidiaries	4.050	-	4.050	-	-	-	-
Lease receivables	3	-	3	-	-	-	-
Tangible assets (net)	88.099	-	88.099	-	-	-	-
Intangible assets (net)	21.596	-	-	-	-	-	21.596
Investment properties (net)	-	-	-	-	-	-	-
Tax asset	168.840	-	168.840	-	-	-	-
Other assets	168.858	-	168.858	-	-	-	-
Total Assets	91.598.152	-	91.576.556	-	-	-	21.596

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.**Notes to the Unconsolidated Financial Statements as of 31 December 2022**

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

SECTION FOUR (Continued)**INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)****X. Explanations on Risk Management (Continued):****5. Linkages between the financial statements and risk amounts (Continued):****Differences between accounting consolidation and legal consolidation (Continued):**

Current Period (31.12.2022)	Carrying values in financial statements prepared as per TAS	Carrying values in financial statements prepared as per TAS within legal consolidation	Items in accordance with TMS				
			Subject to credit risk	The counterparty credit risk	Securitization positions	Subject to market risk	Not subject to capital requirements or subject to deduction from capital
Liabilities							
Deposit	-	-	-	-	-	-	-
Derivative financial liabilities held for trading	11.157	-	-	-	-	-	-
Funds borrowed	63.339.728	-	-	-	-	-	-
Money markets balances	2.960.566	-	-	2.960.566	-	-	-
Issued securities	2.018.433	-	-	-	-	-	-
Funds	8.418.825	-	-	-	-	-	-
Miscellaneous payables	346.952	-	-	-	-	-	-
Other external funding's payable	237.922	-	-	-	-	-	-
Factoring payables	-	-	-	-	-	-	-
Debts from leasing transactions	22.889	-	-	-	-	-	-
Derivative financial liabilities for hedging purposes	-	-	-	-	-	-	-
Provisions	164.441	-	-	-	-	-	-
Tax liability	286.521	-	-	-	-	-	-
Liabilities for assets held for sale and discontinued operations	-	-	-	-	-	-	-
Subordinated debts	6.947.336	-	-	-	-	-	-
Shareholders' equity	6.843.382	-	-	-	-	-	-
Total liabilities and equity	91.598.152	-	-	2.960.566	-	-	-

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.**Notes to the Unconsolidated Financial Statements as of 31 December 2022**

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

SECTION FOUR (Continued)**INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)****X. Explanations on Risk Management (Continued):****5. Linkages between the financial statements and risk amounts (Continued):****Differences and matching between accounting consolidation and legal consolidation:**

Prior Period (31.12.2021)	Carrying values in financial statements prepared as per TAS	Carrying values in financial statements prepared as per TAS within legal consolidation	Items in accordance with TMS				
			Subject to credit risk	The counterparty credit risk	Securitization positions	Subject to market risk	Not subject to capital requirements or subject to deduction from capital
Assets							
Cash and balances with the Central Bank	2.050	-	2.050	-	-	-	-
Financial assets held for trading	7.124	-	7.124	-	-	-	-
Financial assets at fair value through profit or loss	213.743	-	213.743	-	-	-	-
Banks	3.273.102	-	3.273.102	-	-	-	-
Money market receivables	992.465	-	912.434	80.031			
Financial assets at fair value through other comprehensive income	3.932.699	-	3.932.699	-	-	-	-
Derivative financial assets	365	-	365	-	-	-	-
Loans and receivables	36.694.836	-	36.694.836	-	-	-	-
Factoring receivables	-	-	-	-	-	-	-
Financial assets measured at amortised cost	3.011.037	-	3.011.037	-	-	-	-
Associates	10.119	-	10.119	-	-	-	-
Subsidiaries	3.050		3.050				
Lease receivables	-	-	-	-	-	-	-
Tangible assets (net)	27.424	-	27.424	-	-	-	-
Intangible assets (net)	21.873	-	-	-	-	-	21.873
Investment properties (net)	-	-	-	-	-	-	-
Tax asset	95.478	-	95.478	-	-	-	
Other assets	95.369	-	95.369	-	-	-	-
Total Assets	48.380.734	-	48.278.830	80.031	-	-	21.873

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.**Notes to the Unconsolidated Financial Statements as of 31 December 2022**

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

SECTION FOUR (Continued)**INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)****X. Explanations on Risk Management (Continued):****5. Linkages between the financial statements and risk amounts (Continued):****Differences between accounting consolidation and legal consolidation (Continued):**

		Carrying values in financial statements prepared as per TAS within legal consolidation	Items in accordance with TMS				
			Subject to credit risk	The counterparty credit risk	Securitization positions	Subject to market risk	Not subject to capital requirements or subject to deduction from capital
Prior Period (31.12.2021)	Carrying values in financial statements prepared as per TAS						
Liabilities							
Deposit	-	-	-	-	-	-	-
Derivative financial liabilities held for trading	26.693	-	-	-	-	-	-
Funds borrowed	37.962.817	-	-	-	-	-	-
Money markets balances	636.329	-	-	636.329	-	-	-
Issued securities	-	-	-	-	-	-	-
Funds	1.528.791	-	-	-	-	-	-
Miscellaneous payables	211.336	-	-	-	-	-	-
Other external funding's payable	93.518	-	-	-	-	-	-
Factoring payables	-	-	-	-	-	-	-
Debts from leasing transactions	9.903	-	-	-	-	-	-
Derivative financial liabilities for hedging purposes	-	-	-	-	-	-	-
Provisions	72.772	-	-	-	-	-	-
Tax liability	24.354	-	-	-	-	-	-
Liabilities for assets held for sale and discontinued operations	-	-	-	-	-	-	-
Subordinated debts	3.350.857	-	-	-	-	-	-
Shareholders' equity	4.463.364	-	-	-	-	-	-
Total liabilities and equity	48.380.734	-	-	636.329	-	-	-

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Risk Management (Continued):

5. Linkages between the financial statements and risk amounts (Continued):

Main sources of differences between the risk amounts and carrying values in financial statements prepared as per TAS:

	Current Period (31.12.2022)	Total	Subject to credit risk	Securitization positions	Subject to counterparty risk	Subject to market risk
1	Carrying values of assets in accordance with TAS within legal consolidation	91.598.153	91.576.557	-	-	-
2	Carrying values of liabilities in accordance with TAS within legal consolidation	91.598.153	-	-	2.960.566	-
3	Total net amount under legal consolidation	-	91.576.557	-	(2.960.566)	-
4	Off-balance sheet items	40.760.504	14.958.274	-	25.802.230	-
5	Valuation differences	-	-	-	-	-
6	Differences arising from netting of differences (other than line 2)	-	-	-	-	-
7	Differences arising from consideration of provisions	-	-	-	-	-
8	Differences arising from the applications of the BRSA	-	-	-	-	-
	Risk balances	132.358.657	106.534.831	-	22.841.664	-

	Prior Period (31.12.2021)	Total	Subject to credit risk	Securitization positions	Subject to counterparty risk	Subject to market risk
1	Carrying values of assets in accordance with TAS within legal consolidation	48.380.734	48.278.833	-	80.031	-
2	Carrying values of liabilities in accordance with TAS within legal consolidation	48.380.734	-	-	(636.329)	-
3	Total net amount under legal consolidation	-	48.278.833	-	(556.298)	-
4	Off-balance sheet items	10.830.077	5.027.287	-	2.554.289	-
5	Valuation differences	-	-	-	-	-
6	Differences arising from netting of differences (other than line 2)	-	-	-	-	-
7	Differences arising from consideration of provisions	-	-	-	-	-
8	Differences arising from the applications of the BRSA	-	-	-	-	-
	Risk balances	59.210.811	53.306.120	-	1.997.991	-

There is no significant difference between the amounts reported in the financial statements by TAS and the risk amounts used within the scope of capital adequacy.

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Risk Management (Continued):

6. Explanations on operational risk:

According to the Bank's Operational Risk Management Policy, operational risk management practices are developed taking into account overlooking of errors and irregularities as a result of disruptions in internal controls, failure to comply with time and conditions by the Bank's management and personnel, errors and failures in information technology systems, and losses due to disasters such as earthquakes, fires, floods, and other factors that may occur on the basis of the Bank and the sector.

Operational risk amount is calculated by using the basic indicator approach within the scope of 14th Article of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks". The value is, 15% of the Banks' gross income for the last three years multiplied with 12,5.

Annual gross income, as included in the income statement in financial reports is calculated by adding net fees and commissions income, dividend income from stocks other than subsidiary and affiliate shares, trading profit/loss (net) and other operating income to net interest income, by deducting profit/loss from the sale of assets monitored in held-to-maturity securities accounts, extraordinary income and insurance claims.

Current Period (31.12.2022)	31.12.2019	31.12.2020	31.12.2021	Total / Positive GI year number	Ratio (%)	Total
Gross income	755.704	770.717	1.486.643	1.004.355	15	150.653
Amount subject to operational risk (Total*12,5)						1.883.165

Prior Period (31.12.2021)	31.12.2018	31.12.2019	31.12.2020	Total / Positive GI year number	Ratio (%)	Total
Gross income	479.661	755.704	770.717	668.694	15	100.304
Amount subject to operational risk (Total*12,5)						1.253.803

The Operational Risk Management Policy, which was renewed in order to determine the policies, principles, approaches and basic elements in Operational Risk Management in order to reveal the risks that the Bank will be exposed to in line with the general strategies and long-term goals and the strategies to be followed for these risks, was approved by the Board of Directors as of 30.12.2020. With this policy, it is aimed to contribute to the establishment of an established and consistent "Operational Risk Culture" throughout the Bank by defining, determining, measuring, evaluating and reporting Operational Risks.

Audit findings, internal loss data, risk control and self-assessment report, operational risk analysis report, external data, business process map and key risk indicators will be envisaged to use in the identification and assessment of operational risk. Regarding the analysis of operational risk, risk control and self-assessment studies, operational risk analysis report, scenario analysis and stress tests are envisaged. Within the scope of reducing the operational risks and increasing the efficiency of the operational risk management process, the use of methods such as controlling the exposed risks by applying determined policies and procedures, reducing by using risk reduction techniques such as insurance, transferring them to another area are the basic elements that will increase the effectiveness of operational risk management. can be listed.

Support Services procedures, emergency and contingency plans that enable the transfer of operational risks, emergency and contingency plans, as well as special policies, procedures and controls for money laundering and terrorist financing that may cause operational risks, management of IT risks are foreseen to be created.

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Risk Management (Continued):

6. Explanations on operational risk (Continued):

In the Bank, all operational risks are within the framework of defining, evaluating, monitoring and controlling / reducing risks. All operational risks in the Bank, within the framework of the identification, evaluation, monitoring and control/reduction of risks, is managed under the supervision of the Board of Directors and the Audit Committee. The results of the activities of the Internal Audit Unit and Internal Control and Compliance Unit for monitoring operational risks are monitored and evaluated by the Audit Committee.

Legal measurements for Operational Risk are made using the Basic Indicator Method within the scope of the Regulation on Measurement and Assessment of Capital Adequacy of Banks. Studies of other measurement methods for Measurement of Operational Risks within the scope of Basel and BRSA regulations are carried out by the Risk Management Unit.

7. Interest rate risk on banking accounts:

Bank calculates the interest rate risk on banking book according to “Regulation on Measurement and Evaluation of Interest Rate Risk on Banking Book as per Standard Shock Method” and reports to the BRSA monthly.

Interest Rate Risk on Banking Book report includes Receivables from Central Bank, Money Market Placements, Receivables from Banks, Financial Assets at Fair Value Through Other Comprehensive Income (excluding government bonds), Receivables from Reverse-repo, Loans and Receivables, Other Financial Assets Measured at Amortised Cost and Other Receivables in the asset side, and Payables to Central Bank, Money Market Borrowings, Payables to Banks, Funds Obtained from Repo Transactions, Issued Bonds; Borrowings, Subordinated Debt and Other Payables on the liabilities side.

Economic value differences due to the interest rate instabilities calculated according to “Regulation on Measurement and Evaluation of Interest Rate Risk on Banking Book as per Standard Shock Method” are presented below for each currency.

	Current Period (31.12.2022)	Applied Shock	Gains / Losses	Gains / Equity – Losses / Equity
	Currency	(+/- x base points)		
1	TL	(+) 500 base points	(228.504)	(1.77) %
2	TL	(-) 400 base points	228.102	1.77%
3	EURO	(+) 200 base points	57.421	0.44%
4	EURO	(-) 200 base points	(75.169)	(0.58) %
5	USD	(+) 200 base points	(86.266)	(0.67) %
6	USD	(-) 200 base points	97.283	0.75%
	Total (For Positive Shocks)		(257.349)	(1.99) %
	Total (For Negative Shocks)		250.216	1.94%

	Prior Period (31.12.2021)	Applied Shock	Gains / Losses	Gains / Equity – Losses / Equity
	Currency	(+/- x base points)		
1	TL	(+) 500 base points	(46.065)	(0.60) %
2	TL	(-) 400 base points	40.876	0.53%
3	EURO	(+) 200 base points	184.014	2.40%
4	EURO	(-) 200 base points	(263.761)	(3.43) %
5	USD	(+) 200 base points	326.168	4.25%
6	USD	(-) 200 base points	(431.919)	(5.62) %
	Total (For Positive Shocks)		464.117	6.04%
	Total (For Negative Shocks)		(654.804)	(8.53) %

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 Turkey:

	Current Period (31.12.2022)		Prior Period (31.12.2021)	
	TL	FC	TL	FC
Cash in TL/Foreign currency	44	-	24	-
CBRT	791	-	2.027	-
Other	-	-	-	-
Total	835	-	2.051	-

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 Turkey's Communiqué No: 2005/1 "Reserve Requirements".

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

	Current Period (31.12.2022)		Prior Period (31.12.2021)	
	TL	FC	TL	FC
Unrestricted demand deposit	791	-	2.027	-
Unrestricted time deposit	-	-	-	-
Restricted time deposit	-	-	-	-
Total	791	-	2.027	-

1.1.2. Information on banks:

	Current Period (31.12.2022)		Prior Period (31.12.2021)	
	TL	FC	TL	FC
Banks				
Domestic	7.771.783	921.416	2.950.096	301.146
Foreign	-	64.779	-	27.433
Foreign head office and branches	-	-	-	-
Total	7.771.783	986.195	2.950.096	328.579

1.1.2.a) Information on foreign bank accounts:

	Unrestricted Amount		Restricted Amount	
	Current Period (31.12.2022)	Prior Period (31.12.2021)	Current Period (31.12.2022)	Prior Period (31.12.2021)
EU Countries	43.478	13.914	-	-
USA and Canada	21.301	13.519	-	-
OECD Countries	-	-	-	-
Off-Shore Banking Regions	-	-	-	-
Other	-	-	-	-
Total	64.779	27.433	-	-

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 (31.12.2022)		Prior Period (31.12.2021)	
	TL	FC	TL	FC
Money market placements	6.634.417	-	913.250	-
Receivables from reverse repo transactions	-	-	80.032	-
Total	6.634.417	-	993.282	-

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

	Current Period (31.12.2022)		Prior Period (31.12.2021)	
	TL	FC	TL	FC
Cash and balances with Central Bank	-	-	1	-
Banks	13.376	-	5.573	-
Receivables from money market	4.777	-	817	-
Total	18.153	-	6.391	-

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 (31.12.2022)		Prior Period (31.12.2021)	
	TL	FC	TL	FC
Share certificates	-	-	-	-
Bonds, treasury bills and similar securities	486.436	-	522.914	-
Other	-	-	-	-
Total	486.436	-	522.914	-

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

	Current Period (31.12.2022)		Prior Period (31.12.2021)	
	TL	FC	TL	FC
Share certificates	-	-	-	-
Bonds, treasury bills and similar securities	834.674	793.984	192.716	-
Other	-	-	-	-
Total	834.674	793.984	192.716	-

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 (31.12.2022)	Prior Period (31.12.2021)
Debt Securities	8.643.578	3.973.661
Quoted on a stock exchange	8.643.578	3.973.661
Unquoted	-	-
Share Certificates	18.629	17.800
Quoted on a stock exchange	-	-
Unquoted	18.629	17.800
Provision for impairment (-)	(15.264)	(58.762)
Total	8.646.943	3.932.699

1.4. Information on derivative financial assets:

	Current Period (31.12.2022)		Prior Period (31.12.2021)	
	TL	FC	TL	FC
Forward transactions	-	-	-	-
Swap transactions	31.094	-	365	-
Futures	-	-	-	-
Options	-	-	-	-
Others	-	-	-	-
Total	31.094	-	365	-

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:

	Current Period (31.12.2022)		Prior Period (31.12.2021)	
	Cash	Non-Cash	Cash	Non-Cash
Direct loans granted to shareholders	-	-	-	-
Corporate shareholders	-	-	-	-
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	-	-	-	-
Loans granted to employees	-	-	10	-
Total	-	-	10	-

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes Related to Assets (Continued)

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

2.1. Information on loans (Continued):

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

Cash Loans Current Period (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	-

Cash Loans Prior Period (31.12.2021)	Standard Loans	Loans Under Close Monitoring		
		Loans not Subject to Restructuring	Restructured Loans	
			Loans with Revised Contract Terms	Refinance
Non-specialized loans	33.305.815	1.787.682	218.535	-
Working capital loans	3.413.178	4.762	124.613	-
Export loans	19.840	-	-	-
Import loans	-	-	-	-
Loans given to financial sector	8.126.829	-	-	-
Consumer loans	10	-	-	-
Credit cards	-	-	-	-
Other	21.745.958	1.782.920	93.922	-
Specialized loans	1.031.540	216.994	67.503	-
Other receivables	-	-	-	-
Total	34.337.355	2.004.676	286.038	-

	Current Period (31.12.2022)		Prior Period (31.12.2021)	
First and Second Stage Expected Loss Reserves	Standard Loans	Loans Under Close Monitoring	Standard Loans	Loans Under Close Monitoring
12 Months expected credit losses	394.864	-	177.914	-
Significant increase in credit risk	-	144.952	-	82.028

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes Related to Assets (Continued)

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

2.1. Information on loans (Continued):

2.1.c) Loans according to their maturity structure:

Cash Loans Current Period (31.12.2022)	Standard Loans	Loans Under Close Monitoring		
		Loans not subject to restructuring	Restructured Loans	
			Loans with revised contract terms	Refinance
Short term loans	-	-	3.473	-
Medium and long term loans	56.639.491	2.458.715	344.242	-

Cash Loans Prior Period (31.12.2021)	Standard Loans	Loans Under Close Monitoring		
		Loans not subject to restructuring	Restructured Loans	
			Loans with revised contract terms	Refinance
Short term loans	17.500	42.460	192.116	-
Medium and long term loans	34.319.855	1.962.216	93.922	-

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)

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

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

2.1. Information on loans (Continued):

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

As of 31 December 2022: None.

Prior Period(31.12.2021)	Short Term	Medium and Long Term	Total
Consumer Loans- TL	-	-	-
Real estate loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer Loans –Indexed to FC	-	-	-
Real estate loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer Loans- FC	-	-	-
Real estate loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Individual Credit Cards- TL	-	-	-
With installments	-	-	-
Without installments	-	-	-
Individual Credit Cards- FC	-	-	-
With installments	-	-	-
Without installments	-	-	-
Personnel Loans - TL	-	10	10
Real estate loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	10	10
Other	-	-	-
Personnel Loans-Indexed to FC	-	-	-
Real estate loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel Loans- FC	-	-	-
Real estate loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel Credit Cards- TL	-	-	-
With installments	-	-	-
Without installments	-	-	-
Personnel Credit Cards- FC	-	-	-
With installments	-	-	-
Without installments	-	-	-
Overdraft Accounts-TL (Real Persons)	-	-	-
Overdraft Accounts-FC (Real Persons)	-	-	-
Total	-	10	10

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.d) 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.e) Loans according to type of borrowers:

	Current Period (31.12.2022)	Prior Period (31.12.2021)
Public	-	-
Private	59.445.921	36.628.069
Total	59.445.921	36.628.069

2.1.f) Breakdown of domestic and international loans:

	Current Period (31.12.2022)	Prior Period (31.12.2021)
Domestic loans	59.445.921	36.628.069
International loans	-	-
Total	59.445.921	36.628.069

2.1.g) 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.ğ) Default (third stage) provisions:

	Current Period (31.12.2022)	Prior Period (31.12.2021)
Loans with limited collectability	516.495	448.302
Loans with doubtful collectability	-	-
Uncollectible loans	51.326	80.138
Total	567.821	528.440

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

2.1.h-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 (31.12.2022)			
Gross amounts before provisions	768.152	-	51.408
Restructured loans	74.814	-	-
Prior Period (31.12.2021)			
Gross amounts before provisions	656.093	-	80.527
Restructured loans	118.530	-	-

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.h-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 (31.12.2021)	774.623	-	80.527
Additions (+)	229.048	-	1.081
Transfer from other categories of non-performing loans (+)	-	-	-
Transfer to other categories of non-performing loans (-)	-	-	-
Collections (-)	(160.705)	-	(30.200)
Write-offs (-)	-	-	-
Sold (-)	-	-	-
Corporate and commercial loans	-	-	-
Consumer loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Current period end balance (31.12.2022)	842.966	-	51.408
Provision (-)	(516.495)	-	(51.326)
Net balance on balance sheet	326.471	-	82

2.1.h-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 (31.12.2022)			
Interest accruals and rediscount with valuation differences	71.467	-	24
Provision amount (-)	(71.467)	-	(24)
Net Balance	-	-	-
Prior Period (31.12.2021)			
Interest accruals and rediscount with valuation differences	20.474	-	378
Provision amount (-)	(20.474)	-	(378)
Net Balance	-	-	-

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

	III. Group	IV. Group	V. Group
	Loans with Limited Collectability	Loans with Doubtful Collectability	Uncollectible Loans
Current Period (31.12.2022)			
Period end balance	-	-	-
Provision amount (-)	-	-	-
Net balance on balance sheet	-	-	-
Prior Period (31.12.2021)			
Period end balance	656.093	-	-
Provision amount (-)	(370.692)	-	-
Net balance on balance sheet	285.401	-	-

(*)The loan which was followed as FC in the previous period, has started to be followed as TL in the current period.

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

	III. Group Loans with Limited Collectability	IV. Group Loans with Doubtful Collectability	V. Group Uncollectible Loans
Current 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)	-	-	-
Prior Period (Net) (31.12.2021)	326.321	-	389
Loans to Real Persons and Legal Entities (Gross)	774.623	-	80.527
Provision amount (-)	(448.302)	-	(80.138)
Loans to Real Persons and Legal Entities (Net)	326.321	-	389
Banks (Gross)	-	-	-
Provision amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans (Gross)	-	-	-
Provision amount (-)	-	-	-
Other Loans (Net)	-	-	-

2.1.h-6) Net value of collaterals of loans under close monitoring, collateral type and risk mapping:

Type of Collateral	Current Period (31.12.2022)		Prior Period (31.12.2021)	
	Net Value of Collateral	Loan Balance	Net Value of Collateral	Loan Balance
Real Estate Mortgages ^(*)	1.200.135	1.200.135	981.315	981.315
Vehicle Pledges	-	-	-	-
Collateral (cash, marketable securities, etc.)	-	-	-	-
Pledge on Wages	-	-	-	-
Cheque/Notes	-	-	-	-
Other (suretyship, commercial enterprise pledge, export documents etc.)	1.606.295	1.606.295	1.309.399	1.309.399
Non-collateralized	-	-	-	-
Total	2.806.430	2.806.430	2.290.714	2.290.714

^(*) Between the appraisal and mortgage amount lower one and if these exceed the credit risk, loan amount is taken into account as the net value of the collateral.

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.h.7) Net Value of Collaterals of Non-performing Loans, Collateral Types and Risk Mapping:

Type of Collateral	Current Period (31.12.2022)		Prior Period (31.12.2021)	
	Net Value of Collateral	Loan Balance	Net Value of Collateral	Loan Balance
Real Estate Mortgages ^(*)	883.928	884.858	846.569	846.569
Collateral	-	-	-	-
Vehicle Pledges	-	-	-	-
Other (suretyship, commercial enterprise pledge, commercial valuable papers etc.)	-	-	-	-
Non-collateralized	9.516	9.516	-	8.581
Total	893.444	894.374	846.569	855.150

^(*) Between the appraisal and mortgage amount lower one and if these exceed the credit risk, loan amount is taken into account as the net value of the collateral.

2.1.i) 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.i) 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 31 December 2022, the Bank does not have any credits deducted from its accounting records (31 December 2021: 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 amount of the Bank's finance lease receivables is TL 1 (31 December 2021: None).

2.3. Information on factoring receivables:

None.

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

	Current Period (31.12.2022)	Prior Period (31.12.2021)
Government bonds	2.432.127	130.919
Treasury bills	-	-
Other government debt securities	-	-
Total	2.432.127	130.919

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

	Current Period (31.12.2022)	Prior Period (31.12.2021)
Government bonds	3.772.831	10.256
Treasury bills	67.842	-
Other government debt securities	-	-
Total	3.840.673	10.256

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

	Current Period (31.12.2022)	Prior Period (31.12.2021)
Government bonds	7.025.924	3.012.392
Treasury bills	67.842	-
Other government debt securities	468.457	-
Total	7.562.223	3.012.392

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

	Current Period (31.12.2022)	Prior Period (31.12.2021)
Debt Securities	7.562.223	3.012.392
Quoted on a stock exchange	7.562.223	3.012.392
Unquoted	-	-
Provision for impairment (-)	-	-
Total	7.562.223	3.012.392

2.4.e) Movement of financial assets measured at amortised cost:

	Current Period (31.12.2022)	Prior Period (31.12.2021)
Balance at the beginning of the period	3.012.392	1.717.342
Foreign currency difference on monetary assets	988.830	1.166.016
Purchases during the year (*)	3.618.945	139.209
Disposals through sales and redemptions (**)	(57.944)	(10.175)
Provision for impairment (-)	-	-
Balance at the end of the period	7.562.223	3.012.392

(*) TL 1.143.154 arises from the rediscount increase in purchases.

(**) Disposals through sales and redemptions consist of TL 57.944 after coupon redemption rediscount reduction amount.

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
	219.307	160.020	7.941	-	-	100.471	15.665	-

(*)The financial information of Maksan A.Ş. is provided from the unreviewed financial statements as of 30 September 2022. Prior period information is provided from the unreviewed financial statements as of 30 September 2021.

4.1.c) Movement of associates:

	Current Period (31.12.2022)	Prior Period (31.12.2021)
Balance at the beginning of the period	10.119	18.693
Movements during the period	467	(8.574)
Additions	-	-
Bonus shares certificates	-	-
Shares in current year profit	-	-
Disposal	-	(8.574)
TFRS 9 classification change	-	-
Revaluation increase	-	-
Provision for impairment (-) / Cancellation of provision	467	-
Balance at the end of the period	10.586	10.119
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

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

None.

4.1.d) Associates quoted in the stock exchange:

None.

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)

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

4. Information on equity investments (Continued):

4.2. Information on subsidiaries (Net)

4.2.a) General information on subsidiaries

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

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

	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	103.151	94	3	-	5.433	44	-	-
2	18.049	14.314	1.750	-	1.457	8.986	2.543	-

(*)The financial information of Kalkınma Yatırım Varlık Kiralama A.Ş. and Kalkınma Girişim Sermayesi Portföy Yönetimi A.Ş. is provided from the audited financial statements as of 31 December 2022. Prior period profit/loss amounts are provided from audited financial statements as of 31 December 2021.

4.2.c) Movement of subsidiaries:

	Current Period (31.12.2022)	Prior Period (31.12.2021)
Balance at the beginning of the period	3.050	1.850
Movements during the period	1.000	1.200
Additions	-	1.200
Bonus shares certificates(*)	1.000	-
Shares in current year profit	-	-
Disposals	-	-
Revaluation increase	-	-
Provision for impairment (-) / Cancellation of provision	-	-
Balance at the end of the period	4.050	3.050
Capital commitments	-	-
Share percentage at the end of the period (%)	100	100

(*) Paid-in capital of Bank's subsidiary Kalkınma Girişim Sermayesi Portföy Yönetimi A.Ş. has been increased by TL 1.000 to be covered from internal sources.

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)

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

4. Information on equity investments (Continued):

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

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

	Current Period (31.12.2022)	Prior Period (31.12.2021)
Banks	-	-
Insurance companies	-	-
Factoring companies	-	-
Leasing companies	-	-
Financing companies	-	-
Other financial subsidiaries	4.050	3.050

4.2.d) Subsidiaries quoted on the stock exchange:

None.

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

The Bank has no joint ventures.

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

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

6. Information on tangible assets:

Current Period (31.12.2022)	Real-Estates	Real-Estates held for sale	Vehicles	Other	Total
Cost					
Balance at the beginning of the period	15.983	11.806	739	26.605	55.133
Provision for impairment	-	(729)	-	-	(729)
Movements during the period					
-Additions	2.244	36.600	22.133	22.281	83.258
-Disposals (-)	-	(10.666)	-	(2.878)	(13.544)
-Transfer from investment properties	-	-	-	-	-
-Provision for impairment (-)	-	-	-	-	-
-Reversal from provision for impairment (-)	-	78	-	-	78
Balance at the end of the period	18.227	37.089	22.872	46.008	124.196
Accumulated Depreciation					
Balance at the beginning of the period	8.845	247	505	17.383	26.980
Movements during the period					
-Depreciation charge	4.595	-	1.821	5.522	11.938
-Transfer from investment properties	-	-	-	-	-
-Disposals (-)	-	(247)	-	(2.574)	(2.821)
-Provision for impairment (-)	-	-	-	-	-
Balance at the end of the period	13.440	-	2.326	20.331	36.097
Net book value at the end of the period	4.787	37.089	20.546	25.677	88.099

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

6. Information on tangible fixed assets (Continued):

Prior Period (31.12.2021)	Real-Estates	Real-Estates held for sale	Vehicles	Other	Total
Cost					
Balance at the beginning of the period	17.552	25.266	739	25.055	68.612
Provision for impairment	-	(1.186)	-	-	(1.186)
Movements during the period					
-Additions	791	2.635	-	1.933	5.359
-Disposals (-)	(2.360)	(16.095)	-	(383)	(18.838)
-Transfer from investment properties	-	-	-	-	-
-Provision for impairment (-)	-	-	-	-	-
-Reversal from provision for impairment (-)	-	457	-	-	457
Balance at the end of the period	15.983	11.077	739	26.605	54.404
Accumulated Depreciation					
Balance at the beginning of the period	6.982	486	384	13.435	21.287
Movements during the period					
-Depreciation charge	3.556	-	121	4.159	7.836
-Transfer from investment properties	-	-	-	-	-
-Disposals (-)	(1.693)	(239)	-	(211)	(2.143)
-Provision for impairment (-)	-	-	-	-	-
Balance at the end of the period	8.845	247	505	17.383	26.980
Net book value at the end of the period	7.138	10.830	234	9.222	27.424

7. Information on intangible assets:

	Current Period (31.12.2022)	Prior Period (31.12.2021)
Cost		
Balance at the beginning of the period	34.808	26.707
Movements during the period	-	-
-Additions	4.966	8.101
- Disposals	-	-
Balance at the end of the period	39.774	34.808
Accumulated Amortisation		
Balance at the beginning of the period	12.935	8.963
Movements during the period	-	-
-Amortization charge	5.243	3.972
-Disposals	-	-
Balance at the end of the period	18.178	12.935
Net book value at the end of the period	21.596	21.873

8. Information on investment properties:

None.

9. Information on current tax assets:

None.

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)

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

10. Information on deferred tax assets:

As of 31 December 2022, the Bank has a deferred tax asset of TL 168.840 (31 December 2021: TL 95.478). 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 31 December 2022, the Bank has no tax assets calculated over the period loss or tax deduction (31 December 2021: None).

	Current Period (31.12.2022)	Prior Period (31.12.2021)
Deferred Tax Assets		
From interest discounts	1.933	-
From severance payments	7.450	3.704
Securities portfolio internal yield-exchange rate difference	49.496	2.574
Securities portfolio - Financial	-	4.549
Securities portfolio - Non-financial	-	6.834
Personnel bonus premium provision	20.673	15.361
TFRS 9 Provision	152.374	57.683
TFRS 16 Leases	2	-
Derivative financial assets	-	6.582
Other	634	487
Total Deferred Tax Assets	232.562	97.774
Deferred Tax Liabilities		
From amortizations	1.295	767
From interest discounts	-	1.329
Securities portfolio - Financial	608	-
Securities portfolio - Non-financial	56.835	-
TFRS 16 Leasing	-	200
Derivative financial assets	4.984	-
Total Deferred Tax Liability	63.722	2.296
Net Deferred Tax Asset /(Liabilities)	168.840	95.478

11. Information on other assets:

	Current Period (31.12.2022)	Prior Period (31.12.2021)
Inventory	787	375
Prepaid expenses	146.828	93.616
Temporary account debtor	2.565	1.164
Sundry receivables	18.959	214
Total	169.139	95.369

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 (31.12.2022)		Prior Period (31.12.2021)	
	TL	FC	TL	FC
From Central Bank of the Republic of Turkey (*)	8.959.064	-	2.324.263	-
From domestic banks and institutions	-	3.712.821	51.882	3.188.998
From foreign banks, institutions and funds	-	50.667.843	-	32.397.674
Total	8.959.064	54.380.664	2.376.145	35.586.672

(*) The securities amounting to TL 15.195.563 (31 December 2021: TL 4.183.683) received from the loan customers to which the rediscount credits obtained from the Central Bank of the Republic of Turkey were disbursed were endorsed to the Central Bank of the Republic of Turkey.

2.b) Maturity structure of funds borrowed:

	Current Period (31.12.2022)		Prior Period (31.12.2021)	
	TL	FC	TL	FC
Short-term	-	7.819.544	51.882	208.415
Medium and long-term	8.959.064	46.561.120	2.324.263	35.378.257
Total	8.959.064	54.380.664	2.376.145	35.586.672

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 Turkey Ministry of Treasury and Finance and Central Bank of the Republic of Turkey.

3. Information on funds provided under repurchase agreements:

	Current Period (31.12.2022)		Prior Period (31.12.2021)	
	TL	FC	TL	FC
Funds provided under repurchase agreements	2.960.566	-	636.329	-
Total	2.960.566	-	636.329	-

4. Information on securities issued (Net):

	Current Period (31.12.2022)		Prior Period (31.12.2021)	
	TP	YP	TP	YP
Bonds	-	2.018.433	-	-
Toplam	-	2.018.433	-	-

The Bank has issued bonds amounting to EUR 100 million with the ISIN code FR001400CTV1 with variable interest and a final maturity of 23 September 2033 allocated to the French Development Agency.

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)

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

5. Explanations on funds:

Of the TL 8.418.825 which was provided by the Bank (31 December 2021: TL 1.528.791), TL 223.613 is from the World Bank, TL 1.108 is from the European Fund, TL 21.730 is from the Ministry of Treasury and Finance and TL 8.172.374 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 (31.12.2022)		Prior Period (31.12.2021)	
	TL	FC	TL	FC
Forward transactions	-	-	-	-
Swap transactions	11.157	-	26.693	-
Futures transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	11.157	-	26.693	-

8. Information on factoring liabilities:

None.

9. Explanations on financial lease payables (Net):

	Current Period (31.12.2022)		Prior Period (31.12.2021)	
	Gross	Net	Gross	Net
Less than 1 year	12.168	9.751	6.330	4.738
1-4 years	12.842	10.036	5.766	5.165
More than 4 years	3.264	3.102	-	-
Total	28.274	22.889	12.096	9.903

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 2021: None).

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

As of 31 December 2022, the first stage expected loss provision for non-compensated and non-cashed non-cash loans is TL 49.545 (31 December 2021: TL 20.724), third stage expected loss provision is TL 1 (31 December 2021: TL 1).

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)

II. Explanations and Notes Related to Liabilities (Continued)

11.c) Other provisions:

- i) As of 31 December 2022, there are 132 lawsuits filed against the Bank, with a risk amount of TL 6.676 The Bank allocated TL 2.405 (31 December 2021: TL 1.950) lawsuit provision for the lawsuits that are thought to be or are considered to be concluded against.
- ii) The Bank accounts for the provisions for employee benefits in accordance with the Turkish Accounting Standards No:19 and recognizes in financial statements. As of 31 December 2022, the Bank allocated provision for severance pay amounting to TL 20.042 (31 December 2021: TL 10.166), for unused vacation accruals amounting to TL 9.757 (31 December 2021: TL 4.651) and within the scope of TAS 19, employee benefits provision amounting to TL 82.692 (31 December 2021: TL 35.280) has been reserved.

12.a) Information on current tax liability:

12.a-1) Information on tax provision:

	Current Period (31.12.2022)		Prior Period (31.12.2021)	
	TL	FC	TL	FC
Corporate Tax and Deferred Tax				
Corporate tax payable	260.197	-	15.044	-
Deferred tax liability	-	-	-	-
Total	260.197	-	15.044	-

12.a-2) Information on taxes payable:

	Current Period (31.12.2022)	Prior Period (31.12.2021)
Corporate tax payable	260.197	15.044
Taxation on income on marketable securities	3.475	189
Property tax	38	-
Banking insurance transaction tax (BITT)	9.057	4.191
Foreign exchange transaction tax	119	325
Value added tax payable	531	493
Other	8.336	2.224
Total	281.753	22.466

12.a-3) Information on premiums:

	Current Period (31.12.2022)	Prior Period (31.12.2021)
Social security premiums- Employee	1.726	675
Social security premiums- Employer	2.527	989
Bank social aid pension fund premium- Employee	-	-
Bank social aid pension fund premium- Employer	-	-
Pension fund membership fees and provisions- Employee	47	26
Pension fund membership fees and provisions- Employer	59	33
Unemployment insurance- Employee	123	48
Unemployment insurance- Employer	247	97
Other	39	20
Total	4.768	1.888

13. Information on deferred tax liabilities:

None.

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

The Group has no liabilities for fixed assets held for sale and discontinued operations

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)

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

15. Information on subordinated debt instruments:

	Current Period (31.12.2022)		Prior Period (31.12.2021)	
	TL	FC	TL	FC
Debt instruments to be included in additional capital calculation	2.301.046	3.528.830	-	2.516.976
Subordinated loans	2.301.046	3.528.830	-	2.516.976
Subordinated debt instruments	-	-	-	-
Debt instruments to be included in contribution capital calculation	-	1.117.460	-	833.881
Subordinated loans	-	1.117.460	-	833.881
Subordinated debt instruments	-	-	-	-
Total	2.301.046	4.646.290	-	3.350.857

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 (31.12.2022)	Prior Period (31.12.2021)
Common stock	2.500.000	2.000.000
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:

Increase Date	Increase Amount	Cash	Profit Reserves Subject to Increase	Capital Reserves Subject to Increase
27.12.2022	500.000	500.000	-	-

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

There is no increase from capital reserves.

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 (31.12.2022)	Prior Period (31.12.2021)
I. Legal reserve	120.829	80.133
II. Legal reserve	14.471	14.471
Special reserves	-	-
Total	135.300	94.604

17.f) Information on extraordinary reserves:

	Current Period (31.12.2022)	Prior Period (31.12.2021)
Legal reserves that was allocated to be in compliance with the decisions made on the Annual General Assembly	2.088.274	1.315.798
Retained earnings	-	-
Accumulated losses	-	-
Foreign currency capital exchange difference	-	-
Total	2.088.274	1.315.798

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) Information on preferred shares:

The Bank has no preferred shares.

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

	Current Period (31.12.2022)		Prior Period (31.12.2021)	
	TL	FC	TL	FC
From associates, subsidiaries and jointly controlled entities (joint ventures)	1.467	-	-	-
Valuation difference	175.060	(11.919)	10.040	(33.299)
Foreign exchange difference	-	-	-	-
Total	176.527	(11.919)	10.040	(33.299)

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 (31.12.2022)	Prior Period (31.12.2021)
Forward asset purchase and sales commitments	533.977	134.930
Other irrevocable commitments	133.913	268.732
Total	667.890	403.662

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

As of 31 December 2022, the first stage expected loss provision for non-compensated and non-cashed non-cash loans is TL 49.544 (31 December 2021: TL 20.724), third stage expected loss provision is TL 1 (31 December 2021: 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 441.565 (31 December 2021: TL 328.467). Letters of credit commitments is TL 118.700 (31 December 2021: TL 54.972). The Bank has no bank borrowings in the current period.

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

Total amount of the Bank's TL letters of guarantee are TL 2.481.196 (31 December 2021: TL 1.922.408). TL 1 (31 December 2021: 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 (31.12.2022)	Prior Period (31.12.2021)
Non-cash loans for providing cash loans	441.565	328.467
With original maturity of one year or less	-	-
With original maturity more than one year	441.565	328.467
Other non-cash loans	2.599.896	1.977.380
Total	3.041.461	2.305.847

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

1.c-2) Non-cash loans sectoral risk concentrations:

	Current Period (31.12.2022)				Prior Period (31.12.2021)			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agriculture	-	-	-	-	-	-	-	-
Farming and raising livestock	-	-	-	-	-	-	-	-
Forestry	-	-	-	-	-	-	-	-
Fishery	-	-	-	-	-	-	-	-
Industry	632.674	100,00	2.408.778	100,00	53.162	99,98	2.252.675	100,00
Mining and quarry	-	-	-	-	-	-	-	-
Manufacturing	1	-	-	-	1	-	54.972	2,44
Electricity, gas and water	632.673	100,00	2.408.778	100,00	53.161	99,98	2.197.703	97,56
Construction	-	-	-	-	-	-	-	-
Service	9	-	-	-	10	0,02	-	-
Wholesale and retail trade	-	-	-	-	-	-	-	-
Hotel and food services	-	-	-	-	-	-	-	-
Transportation and communication	-	-	-	-	-	-	-	-
Financial institutions	9	-	-	-	10	0,02	-	-
Real estate and leasing services	-	-	-	-	-	-	-	-
Self-employment services	-	-	-	-	-	-	-	-
Educational services	-	-	-	-	-	-	-	-
Health and social services	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total	632.683	100,00	2.408.778	100,00	53.172	100,00	2.252.675	100,00

1.c-3) Non-cash loans classified in group I and II:

	Current Period (31.12.2022)		Prior Period (31.12.2021)	
	I. Group		I. Group	
Non-cash loans	TL	FC	TL	FC
Letters of guarantee	632.683	1.848.513	53.170	1.869.236
Letters of credit	-	118.700	-	54.972
Endorsements	-	441.565	-	328.467

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 TL are shown in the table below as of 31 December 2022.

	Current Period (31.12.2022)				Prior Period (31.12.2021)			
	Forward Purchase	Forward Sale	Swap Purchase	Swap Sale	Forward Purchase	Forward Sale	Swap Purchase	Swap Sale
TL	-	-	4.004.626	7.543.854	-	-	417.572	-
USD	-	-	7.161.779	3.405.293	-	-	-	1.289.857
EUR	-	-	1.473.318	1.679.383	-	-	846.860	-
Other	-	-	-	-	-	-	-	-
Total	-	-	12.639.723	12.628.530	-	-	1.264.432	1.289.857

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)

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

3. Information on contingent liabilities and assets:

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

The Bank made payment of share capital constituting payments equal to EUR 300.000 on 7 November 2008, EUR 218.750 on 6 July 2009 and EUR 281.250 on 12 November 2010, EUR 167.500 on 15 July 2011, EUR 437.500 on 10 November 2011, EUR 500.000 on 15 February 2012, EUR 500.000 on 25 May 2012, EUR 250.000 on 10 August 2012, EUR 500.000 on 19 September 2012, EUR 500.000 on 18 January 2013, EUR 500.000 on 27 June 2013 and EUR 500.000 on 13 December 2013, EUR 500.000 on 1 August 2014, EUR 500.000 on 29 August 2014, EUR 500.00 on 4 May 2015, EUR 500.000 on 16 October 2015, EUR 500.000 on 3 May 2016 and EUR 312.500 on 30 November 2017, EUR 312.500 on 2 March 2018, EUR 312.500 on 12 December 2018, EUR 980.842 on 13 December 2019, EUR 312.500 on 21 July 2020, EUR 312.500 on 28 November 2022, the total capital payment is EUR 9.698.342.

With reference to the above capital contributions, of the Bank's total commitment of EUR 10 million, EUR 9.698.342 have been paid, EUR 301.658 is not yet paid as of the balance sheet date.

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 Participation Venture Capital Investment Fund and USD 1,5 Million in the Development ODTÜ Teknokent Venture Capital Investment Fund of which the Bank's subsidiary Development Private Equity Portfolio Management is the founder and manager. A capital share payment of TL 295 on 28 July 2021, TL 2.500 on 27 December 2021, TL 8.920 on 25 August 2022 to the Participation Venture Capital Investment Fund; TL 131 on 28 July 2021, TL 1.500 on 27 December 2021, TL 13.569 on 23 December 2022 to the Innovative and Advanced Technologies Participation Venture Capital Investment Fund and USD 1,5 Million on 28 December 2022 to the Development ODTÜ Teknokent Venture Capital Investment Fund have been made and as of the balance sheet date, TL 13.285 of the total commitment to these funds has not been paid yet.

The Bank has committed to invest TL 200.000 in the TKYB Capital Fund, of which Turkey Development Fund is the founder and Development Venture Capital Portfolio Management Inc. is the manager. Capital share payments of TL 2.401 on 30 September 2021, TL 297 on 26 November 2021, TL 28.122 on 3 January 2022, TL 142 on 20 January 2022, TL 1.020 on 3 February 2022, TL 8.263 on 29 March 2022 and TL 4.405 on 30 March 2022, TL 1.072 on 14 April 2022, TL 5.085 on 23 May 2022, TL 1.029 on 1 July 2022, TL 1.138 on 6 July 2022, TL 1.837 on 1 August 2022, TL 6.040 on 8 August 2022, TL 289 on 22 August 2022, TL 2.739 on 16 September 2022, TL 18.741 on 12 October 2022, TL 284 on 18 October 2022 and TL 2.474 on 31 October 2022 have been made. As of the balance sheet date, TL 114.622 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 (31.12.2022)		Prior Period (31.12.2021)	
	TL	FC	TL	FC
Interest on loans^(*)				
Short term loans	223	6.958	4.507	1.168
Medium and long term loans	743.870	2.276.404	276.113	1.032.083
Interest on non-performing loans	99.063	-	60.092	-
Premiums received from resource utilization support fund	-	-	-	-
Total	843.156	2.283.362	340.712	1.033.251

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

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

	Current Period (31.12.2022)		Prior Period (31.12.2021)	
	TL	FC	TL	FC
From Central Bank of the Republic of Turkey	-	-	-	-
From domestic banks	1.002.350	31.462	354.114	18.576
From foreign banks	-	847	-	13
From foreign head offices and branches	-	-	-	-
Total	1.002.350	32.309	354.114	18.589

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

	Current Period (31.12.2022)		Prior Period (31.12.2021)	
	TL	FC	TL	FC
Financial assets measured at fair value through profit and loss	18	-	-	-
Financial assets measured at fair value through other comprehensive income	515.243	171.835	132.322	48.928
Financial assets measured at amortised cost	1.008.614	178.526	27.699	124.865
Total	1.523.875	350.361	160.021	173.793

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

None.

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

	Current Period (31.12.2022)		Prior Period (31.12.2021)	
	TL	FC	TL	FC
Money market transactions	452.287	581	7.841	-
Reverse repurchase agreements	2.663	-	131.764	-
Total	454.950	581	139.605	-

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 (31.12.2022)		Prior Period (31.12.2021)	
	TL	FC	TL	FC
Banks ^(*)	576.410	15.077	175.943	631
Central Bank of the Republic of Turkey	576.410	-	175.943	-
Domestic banks	-	122	-	631
Foreign banks	-	14.955	-	-
Foreign head office and branches	-	-	-	-
Other Institutions ^(*)	802.473	1.553.805	3.453	592.468
Total	1.378.883	1.568.882	179.396	593.099

(*) 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 (31.12.2022)		Prior Period (31.12.2021)	
	TP	FC	TP	FC
Interests Paid on Issued Securities	-	27.463	-	-

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

	Current Period (31.12.2022)		Prior Period (31.12.2021)	
	TL	FC	TL	FC
Money market transactions	28	-	525	-
Repurchase agreements	271.246	-	40.274	-
Total	271.274	-	40.799	-

2.d) Leasing interest expenses:

	Current Period (31.12.2022)		Prior Period (31.12.2021)	
	TL	FC	TL	FC
Immovables	1.854	-	2.139	-
Movables	448	-	255	-
Total	2.302	-	2.394	-

3. Information related to dividend income:

	Current Period (31.12.2022)	Prior Period (31.12.2021)
Financial assets measured at fair value through profit and loss	43.446	92.330
Financial assets measured at fair value through other comprehensive income	3.475	784
Other	1.019	12.860
Total	47.940	105.974

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 (31.12.2022)	Prior Period (31.12.2021)
Gain	1.887.151	1.209.876
Gains on capital market operations	116.149	25.397
Gains on derivative financial instruments	1.610.506	676.760
Foreign exchange gains	160.496	507.719
Loss (-)	(1.833.265)	(1.140.660)
Losses from the capital market operations	(11.173)	(5.059)
Losses on derivative financial instruments	(1.320.916)	(677.504)
Foreign exchange losses	(501.176)	(458.097)

5. Information related to other operating income:

	Current Period (31.12.2022)	Prior Period (31.12.2021)
Income from sale of assets	28.039	60.608
Reversals from prior years' provisions	80.459	32.050
Other	36.651	13.519
Total	145.149	106.177

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

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

	Current Period (31.12.2022)	Prior Period (31.12.2021)
Expected credit loss provisions	495.232	488.182
12 month expected credit loss (Stage 1)	259.524	55.057
Significant increase in credit risk (Stage 2)	62.924	20.520
Non-performing Loans (Stage 3)	172.784	412.605
Marketable securities impairment expense	86.951	-
Financial assets measured at fair value through profit or loss	86.818	-
Financial assets measured at fair value through other comprehensive income	133	-
Subsidiaries, associates and joint ventures provision expenses for impairment	-	-
Associates	-	-
Subsidiaries	-	-
Joint ventures	-	-
Other provision expenses	99.827	44.132
Total	682.010	532.314

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 (31.12.2022)	Prior Period (31.12.2021)
Provision for employee termination benefits(*)	10.887	5.773
Provision expense for bank social aid fund deficits	-	-
Fixed assets impairment charges	-	-
Depreciation charges of fixed assets	11.938	7.837
Intangible assets impairment charges	-	-
Goodwill impairment charges	-	-
Amortization charges of intangible assets	5.243	3.972
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	47.117	24.789
Leasing expenses related to TFRS 16 exceptions	136	107
Maintenance expenses	171	376
Advertisement expenses	75	61
Other expenses (**)	46.735	24.245
Loss on sale of assets	-	-
Other (***)	42.295	23.063
Total	117.480	65.434

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

(**) TL 1.875 of other expenses is from cleaning expenses (31 December 2021: TL 1.367), TL 8.434 is from communication expenses (31 December 2021: TL 4.497), TL 8.760 is from computer usage expenses (31 December 2021: TL 4.480), TL 1.315 is from heating, lighting and water expenses (31 December 2021: TL 275), TL 11.071 is from vehicle expenses (31 December 2021: TL 3.909), TL 747 amount consists of dues (31 December 2021: TL 595), TL 6.713 amount consists of common expenses (31 December 2021: TL 2.594), 2.603 TL from insurance expenses (31 December 2021: TL 1.508), TL 2.241 from miscellaneous expenses (31 December 2021: TL 707) and the remaining amount of TL 2.976 (31 December 2021: TL 3.913) consists of other miscellaneous expenses.

(***) The part of the Other amounting to TL 22.988 is from taxes, duties, fees and fund expenses (31 December 2021: TL 12.421), TL 10.434 from audit and consultancy fees (31 December 2021: TL 4.995), TL 5.615 is from BRSA participation share (31 December 2021 : TL 3.875) and the remaining amount of TL 3.258 (31 December 2021: TL 1.772) consists of other miscellaneous expenses.

8. Announcement of the fees related to the services received from the independent auditor or independent audit firm:

By the decision of the POA dated 26 March 2021, the fee information for the reporting period regarding the services received from the independent auditor or the independent audit firm is given in the table below, excluding VAT amounts. These fees do not include the fees for the services provided to the Bank's subsidiaries.

	Current Period (31.12.2022)	Prior Period (31.12.2021)
Independent audit fee for the reporting period	1.023	605
Fee for tax advisory services	83	57
Fee for other assurance services	212	63
Fees for services other than independent auditing	81	-
Total	1.399	725

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)

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

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

As of 31 December 2022, the Bank's income before tax from the continuing operations is TL 2.320.610 (31 December 2021: TL 1.011.607) and the Bank has no discontinued operations.

10. Information related to tax provisions for taxes:

As of 31 December 2022, the Bank's income tax provision from continuing operations amounting to TL 629.242, (31 December 2021: TL 197.683) consists of TL 770.809 of current tax charge (31 December 2021: TL 256.415) and TL 141.567 of deferred tax income effect (31 December 2021: TL 58.732).

11. Information related to net operating income after taxes:

The Bank has earned net profit of TL 1.691.368 from continuing operations between 1 January 2022-31 December 2022 (1 January 2021-31 December 2021 : TL 813.924).

12. Information on net profit/loss:

12.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.

12.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.

13. 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 statement of profit or loss as of 31 December 2022 is TL 31.994 (31 December 2021: TL 39.532). TL 14.660 (31 December 2021: TL 20.393) of this amount is investment banking services income.

The total amount of other fees and commissions given in the statement of profit or loss as of TL 22.179 (31 December 2021: TL 15.960). TL 6.656 (31 December 2021: TL 8.037) of this amount is credit guarantee fund limit commissions, TL 10.382 (31 December 2021: 3.549 TL) of this amount is stock market transaction commissions and TL 2.054 (31 December 2021: TL 1.901) is listing fees.

V. Explanations and Notes Related to Statement of Changes in Shareholders' Equity:

In legal records, paid-in capital is TL 2.500.000 (31 December 2021: TL 2.000.000). As of the balance sheet date, the balance of legal reserves is TL 135.300 (31 December 2021: TL 94.604), the balance of extraordinary reserves is TL 2.088.274 (31 December 2021: TL 1.315.798) and the balance of other legal reserves is TL 54.226 (31 December 2021: TL 53.474).

The fair value difference of TL 160.037, which is the entire amount of valuation difference of securities, results from the change in value of financial assets measured at fair value through other comprehensive income.

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

VI. Explanations and Notes Related to Cash Flow Statement:

1. Explanations related to “other” items and “effect of change in foreign currency rates on cash and cash equivalents” in statement of cash flows:

Net cash inflows from the Bank's banking activities amount to TL 11.723.842 (31 December 2021: TL 358.641). TL 10.431.331 (31 December 2021 TL (393.755)) of the net cash inflows arising from banking activities is due to the change of active and passive accounts; TL 1.292.511 (31 December 2021: TL 752.396) arises from operating profit. Funds from which “Net Increase (Decrease) in Other Payables” item, which is included in the exchange of active and passive accounts, originates from changes in repo transactions, various debts, other foreign resources and taxes to be paid, changes in pictures, fees and premiums and is TL 8.766.654 (31 December 2021: TL 1.462.285). The “Other” item included in the operating profit is composed of items such as wages and commissions, other operating expenses except commercial profit / loss and personnel expenses, and it has been TL (1.101.666) (31 December 2021: TL (436.203)).

There is cash inflow from financing activities due to cash capital inflow and subordinated loan in 2022.

The effect of change in foreign currency rates on cash and cash equivalents is calculated by converting original currencies of cash and cash equivalents into TL using rates for both beginning and end of the period. The effect for the current period is calculated as TL 766.882 (31 December 2021: TL 614.449).

2. Cash and cash equivalents at the beginning of the period:

	(31.12.2021)	(31.12.2020)
Cash	34.504	26.776
Cash in TL and foreign currencies	24	10
Demand deposits at banks and Central Bank of the Republic of Turkey	34.480	26.766
Cash equivalents	4.227.741	5.030.503
Interbank money market	990.878	1.500.000
Time deposits at banks	3.236.863	3.530.503
Total cash and cash equivalents	4.262.245	5.057.279

The total value of the transactions in prior period is the sum of current periods cash and cash equivalents.

3. Cash and cash equivalents at the end of the period:

	Current Period (31.12.2022)	Prior Period (31.12.2021)
Cash	69.571	34.504
Cash in TL and foreign currencies	45	24
Demand deposits at banks and Central Bank of the Republic of Turkey	69.526	34.480
Cash equivalents	15.229.754	4.227.741
Interbank money market	6.603.772	990.878
Time deposits at banks	8.625.982	3.236.863
Total cash and cash equivalents	15.299.325	4.262.245

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

VII. 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	3.834	-	-	-	-	-
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.

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	3.759	-	-	-	-	-
Closing Balance (*)	3.834	-	-	-	-	-
Interest and Commissions Income	-	-	-	-	-	-

(*) TL 3.834 of loan disbursed to Arıcak A.Ş., a subsidiary of the Bank, has been followed in Group V. For this loan, TL 3.834 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:

Total amount of benefits provided to the Bank's top management is TL 19.525 (31 December 2021: TL 10.103).

VIII. Explanations Related to Domestic, Foreign and Off-shore Branches and Representatives Offices Abroad:

None.

SECTION SIX

OTHER EXPLANATIONS

I. Other Explanations Related to Operations of the Bank:

The summary of information on the Bank's rating by International Rating Agencies:

The international ratings of the Bank are performed by Fitch on 26 July 2022.

	2022
Foreign Currency Commitments	
Long Term	B
Short Term	B
Outlook	Negative
Turkish Lira Commitments	
Long Term	B
Short Term	B
Outlook	Negative
National	
Long Term	AAA(TUR)
Government Support Note	b
Outlook	Negative

	2021
Foreign Currency Commitments	
Long Term	BB-
Short Term	B
Outlook	Negative
Turkish Lira Commitments	
Long Term	BB-
Short Term	B
Outlook	Negative
National	
Long Term	AAA(TUR)
Outlook	Negative
Individual Rating	3
Support Points	BB-

II. Explanations and Notes Related to Subsequent Events:

On 6 February 2023, due to the earthquakes centered in Kahramanmaraş, which affected many provinces and shook our entire country, it was decided to declare a state of emergency for three months in the provinces of Adana, Adıyaman, Diyarbakır, Gaziantep, Hatay, Kahramanmaraş, Kilis, Malatya, Osmaniye and Şanlıurfa in accordance with the Official Gazette No. 32098 dated 8 February 2023.

Developments regarding this natural disaster are being closely monitored and efforts to determine the situation are ongoing.

SECTION SEVEN

INDEPENDENT AUDITOR’S REPORT

I. Explanations on Independent Auditor’s Report:

The Bank’s financial statements as of and for the period ended 31 December 2022 have been audited by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. and the audit report dated 9 February 2023 is presented at the beginning of the financial statements and related notes.

II. Explanations and Notes Prepared by Independent Auditor:

None.