TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Consolidated Financial Statements
As at and For the Year Ended 31 December 2023
With Independent Auditor's Audit Report

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Independent Auditor's Report

To the Shareholders of Türkiye Kalkınma ve Yatırım Bankası Anonim Şirketi

A) Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Türkiye Kalkınma ve Yatırım Bankası Anonim Şirketi ("the Bank") and its subsidiaries (together will be referred as "the Group") which comprise the consolidated balance sheet as at 31 December 2023 and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in shareholders' equity, consolidated statement of cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Türkiye Kalkınma ve Yatırım Bankası Anonim Şirketi and its subsidiaries as at 31 December 2023, and its consolidated financial performance and its consolidated 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 Consolidated Financial Statements* section of our report. We declare that we are independent of the Group 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 consolidated 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.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated 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 consolidated financial statements relating to the details of accounting policies and significant judgments of for impairment of loans measured at amortised cost.

Key audit matter	***How the matter is addressed in our audit***
As of 31 December 2023, loans amount 62% of the Group's total assets. 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"). 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. The significant assumptions and estimates of the Bank's management are as follows: • 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. • design and implementation of expected credit loss model. 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	Our procedures for auditing the impairment of loans measured at amortised cost include below: • We tested the design and operating effectiveness of the controls on lending, collateralization, collection, follow-up, classification and impairment processes were with the involvement of information risk management specialists. • We evaluated the adequacy of the subjective and objective criteria that are defined in the Bank's impairment model 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 on prospective information and macroeconomic variables. • 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.

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loss varies to the staging of the financial assets. The Bank calculates expected credit losses on a collective basis. 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. 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.	• 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 consolidated financial statements related to impairment provisions.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

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

Responsibilities of auditors in an audit are as follows:

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 consolidated 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 2023 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.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

Orhan Akova
Partner, SMMM

8 February 2024
İstanbul, Türkiye

THE CONSOLIDATED FINANCIAL REPORT OF TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş. AS OF 31 DECEMBER 2023

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

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

- GENERAL INFORMATION ABOUT THE PARENT BANK
- CONSOLIDATED FINANCIAL STATEMENTS OF THE PARENT BANK
- EXPLANATIONS ON THE CORRESPONDING ACCOUNTING POLICIES APPLIED IN THE RELATED PERIOD
- INFORMATION ON THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP WHICH IS UNDER CONSOLIDATION
- DISCLOSURES AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
- OTHER EXPLANATIONS
- INDEPENDENT AUDITOR'S REPORT

The subsidiaries whose financial statements are consolidated within the framework of this financial report are as follows:

Subsidiaries
Kalkınma Girişim Sermayesi Portföy Yönetimi A.Ş.
Kalkınma Yatırım Varlık Kiralama A.Ş.

The accompanying consolidated 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**	**Erdal ERDEM** **Chairman of Audit Committee**	**Zeynep BOĞA** **Deputy Chairman of Audit Committee**
Kerem DÖNMEZ **Member of Audit Committee**	**Ömer KARADEMİR** **Member of Audit Committee**	**Nuri 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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General Information

SECTION TWO
Consolidated Financial Statements

SECTION THREE
Accounting Policies

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SECTION ONE

GENERAL INFORMATION

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

The Parent 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 abolished and the establishment and operating principles of the Parent Bank were rearranged.

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

II. Capital Structure of the Parent 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 Parent 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 Parent Bank's capital consists of 250 billion shares with par value of TL 0,01 each), and the shareholders and their shares in the issued capital are shown below:

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

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

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

SECTION ONE (Continued)

GENERAL INFORMATION (Continued)

III. Explanations Regarding the Parent 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 Parent Bank, if any:

Chairman and Members of the Board of Directors:

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

General Manager, Executive Vice Presidents:

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

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

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

SECTION ONE (Continued)

GENERAL INFORMATION (Continued)

III. Explanations Regarding the Parent 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 Parent 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 Parent Bank:

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

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

As an investment and development bank of Türkiye Kalkınma ve Yatırım Bankası A.Ş.'s operating areas are supporting investments and projects for sustainable growth, ensuring the efficient use of capital and fund resources, financing domestic, international and international joint investments, and profit partnership or lease-based loan transactions by using modern development and investment banking tools in line with our country's development goals, to ensure that all development and investment banking functions can be performed in a competitive, dynamic and effective manner. As of 31 December 2023, the Bank has 1 branch operating in Ankara.

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

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

The Parent 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 Parent 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

CONSOLIDATED FINANCIAL STATEMENTS

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.
Consolidated Balance Sheet (Statement of Financial Position) as of 31 December 2023
(Thousands of Turkish Lira (TL) unless otherwise stated)

I.	CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)	Notes (Section Five I)	Audited Current Period 31 December 2023			Audited Prior Period 31 December 2022		
	ASSETS		TL	FC	TOTAL	TL	FC	TOTAL
I.	**FINANCIAL ASSETS (NET)**	(1)	**22.306.290**	**15.543.948**	**37.850.238**	**18.032.209**	**6.310.761**	**24.342.970**
1.1	**Cash and Cash Equivalents**		**20.801.443**	**1.171.009**	**21.972.452**	**14.388.909**	**986.195**	**15.375.104**
1.1.1	Cash and Balances with Central Bank		2.560	-	2.560	835	-	835
1.1.2	Banks		3.768.650	1.171.009	4.939.659	7.771.810	986.195	8.758.005
1.1.3	Money Markets		17.046.025	-	17.046.025	6.634.417	-	6.634.417
1.1.4	Expected Loss Provision (-)		(15.792)	-	(15.792)	(18.153)	-	(18.153)
1.2	**Financial Assets Measured at Fair Value Through Profit or Loss**		**318.816**	**272.639**	**591.455**	**132.363**	**157.466**	**289.829**
1.2.1	Government Securities		-	-	-	-	-	-
1.2.2	Equity Securities		318.816	272.639	591.455	132.363	157.466	289.829
1.2.3	Other Financial Assets		-	-	-	-	-	-
1.3	**Financial Assets Measured at Fair Value Through Other Comprehensive Income**		**1.120.503**	**14.100.112**	**15.220.615**	**3.479.843**	**5.167.100**	**8.646.943**
1.3.1	Government Securities		868.246	7.758.688	8.626.934	2.346.094	3.580.286	5.926.380
1.3.2	Equity Securities		18.362	-	18.362	17.174	-	17.174
1.3.3	Other Financial Assets		233.895	6.341.424	6.575.319	1.116.575	1.586.814	2.703.389
1.4	**Derivative Financial Assets**		**65.528**	**188**	**65.716**	**31.094**	-	**31.094**
1.4.1	Derivative Financial Assets Measured at Fair Value Through Profit or Loss		65.528	188	65.716	31.094	-	31.094
1.4.2	Derivative Financial Assets Measured at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
II.	**FINANCIAL ASSETS MEASURED AT AMORTISED COST (NET)**	(2)	**25.811.677**	**71.399.398**	**97.211.075**	**13.018.947**	**53.876.990**	**66.895.937**
2.1	**Loans**		**19.333.681**	**64.825.027**	**84.158.708**	**10.460.592**	**49.879.703**	**60.340.295**
2.2	**Lease Receivables**		-	-	-	**1**	-	**1**
2.3	**Factoring Receivables**		-	-	-	-	-	-
2.4	**Other Financial Assets Measured at Amortised Cost**		**7.900.966**	**6.574.371**	**14.475.337**	**3.667.974**	**3.997.287**	**7.665.261**
2.4.1	Government Securities		7.046.016	6.513.924	13.559.940	3.564.936	3.997.287	7.562.223
2.4.2	Other Financial Assets		854.950	60.447	915.397	103.038	-	103.038
2.5	**Expected Loss Provision (-)**		**(1.422.970)**	-	**(1.422.970)**	**(1.109.620)**	-	**(1.109.620)**
III.	**ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)**	(3)	-	-	-	-	-	-
3.1	Held for Sale Purpose		-	-	-	-	-	-
3.2	Related to Discontinued Operations		-	-	-	-	-	-
IV.	**EQUITY INVESTMENTS**	(4)	**10.586**	-	**10.586**	**10.586**	-	**10.586**
4.1	**Associates (Net)**		**10.586**	-	**10.586**	**10.586**	-	**10.586**
4.1.1	Associates Accounted Based on Equity Method		-	-	-	-	-	-
4.1.2	Unconsolidated Financial Subsidiaries		10.586	-	10.586	10.586	-	10.586
4.2	**Subsidiaries (Net)**		-	-	-	-	-	-
4.2.1	Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
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)	**43.010**	-	**43.010**	**89.436**	-	**89.436**
VI.	**INTANGIBLE ASSETS (Net)**	(7)	**32.323**	-	**32.323**	**21.673**	-	**21.673**
6.1	Goodwill		-	-	-	-	-	-
6.2	Other		32.323	-	32.323	21.673	-	21.673
VII.	**INVESTMENT PROPERTY (Net)**	(8)	-	-	-	-	-	-
VIII.	**CURRENT TAX ASSET**	(9)	**5**	-	**5**	-	-	-
IX.	**DEFERRED TAX ASSET**	(10)	**324.243**	-	**324.243**	**169.179**	-	**169.179**
X.	**OTHER ASSETS**	(12)	**68.742**	**159.464**	**228.206**	**51.637**	**118.378**	**170.015**
	TOTAL ASSETS		**48.596.876**	**87.102.810**	**135.699.686**	**31.393.667**	**60.306.129**	**91.699.796**

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

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

I.	CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)	Notes (Section Five II)	Audited Current Period 31 December 2023			Audited Prior Period 31 December 2022		
	LIABILITIES		TL	FC	TOTAL	TL	FC	TOTAL
I.	**DEPOSITS**	(1)	-	-	-	-	-	-
II.	**FUNDS BORROWED**	(2)	**17.995.416**	**79.951.624**	**97.947.040**	**8.959.064**	**54.380.664**	**63.339.728**
III.	**MONEY MARKET FUNDS**	(3)	**2.874.989**	-	**2.874.989**	**2.945.163**	-	**2.945.163**
IV.	**SECURITIES ISSUED (Net)**	(4)	**854.950**	**3.321.427**	**4.176.377**	**103.023**	**2.018.433**	**2.121.456**
4.1	Bills		-	-	-	-	-	-
4.2	Asset Backed Securities		854.950	-	854.950	103.023	-	103.023
4.3	Bonds		-	3.321.427	3.321.427	-	2.018.433	2.018.433
V.	**FUNDS**	(5)	**2.676.239**	**3.721.694**	**6.397.933**	**6.158.015**	**2.260.810**	**8.418.825**
5.1	Borrower Funds		325.241	2.584.491	2.909.732	1.626.575	1.425.057	3.051.632
5.2	Other		2.350.998	1.137.203	3.488.201	4.531.440	835.753	5.367.193
VI.	**FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS**	(6)	-	-	-	-	-	-
VII.	**DERIVATIVE FINANCIAL LIABILITIES**	(7)	**15.195**	**3.104**	**18.299**	**11.157**	-	**11.157**
7.1	Derivative Financial Liabilities at Fair Value Through Profit or Loss		15.195	3.104	18.299	11.157	-	11.157
7.2	Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
VIII.	**FACTORING LIABILITES**	(8)	-	-	-	-	-	-
IX.	**LEASE LIABILITIES (Net)**	(9)	**21.326**	-	**21.326**	**24.161**	-	**24.161**
X.	**PROVISIONS**	(11)	**433.171**	-	**433.171**	**165.756**	-	**165.756**
10.1	Restructuring Provisions		-	-	-	-	-	-
10.2	Reserve for Employee Benefits		271.094	-	271.094	113.806	-	113.806
10.3	Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4	Other Provisions		162.077	-	162.077	51.950	-	51.950
XI.	**CURRENT TAX LIABILITY**	(12)	**547.485**	-	**547.485**	**287.483**	-	**287.483**
XII.	**DEFERRED TAX LIABILITY**	(13)	-	-	-	-	-	-
XIII.	**LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)**	(14)	-	-	-	-	-	-
13.1	Held for Sale Purpose		-	-	-	-	-	-
13.2	Related to Discontinued Operations		-	-	-	-	-	-
XIV.	**SUBORDINATED DEBT INSTRUMENTS**	(15)	**3.712.899**	**7.865.824**	**11.578.723**	**2.301.046**	**4.646.290**	**6.947.336**
14.1	Loans		3.712.899	7.865.824	11.578.723	2.301.046	4.646.290	6.947.336
14.2	Other Debt Instruments		-	-	-	-	-	-
XV.	**OTHER LIABILITIES**	(16)	**476.658**	**345.013**	**821.671**	**268.447**	**316.544**	**584.991**
XVI.	**SHAREHOLDERS' EQUITY**	(17)	**10.795.322**	**87.350**	**10.882.672**	**6.865.659**	**(11.919)**	**6.853.740**
16.1	Paid-in capital		2.500.000	-	2.500.000	2.500.000	-	2.500.000
16.2	Capital Reserves		210.112	-	210.112	210.112	-	210.112
16.2.1	Share Premium		4.038	-	4.038	4.038	-	4.038
16.2.2	Share Cancellation Profits		-	-	-	-	-	-
16.2.3	Other Capital Reserves		206.074	-	206.074	206.074	-	206.074
16.3	Accumulated Other Comprehensive Income or Loss that will not be Reclassified to Profit or Loss		(506)	-	(506)	(506)	-	(506)
16.4	Accumulated Other Comprehensive Income or Loss that will be Reclassified to Profit or Loss		72.986	87.350	160.336	176.527	(11.919)	164.608
16.5	Profit Reserves		3.969.773	-	3.969.773	2.277.957	-	2.277.957
16.5.1	Legal Reserves		220.440	-	220.440	135.423	-	135.423
16.5.2	Status Reserves		-	-	-	-	-	-
16.5.3	Extraordinary Reserves		3.695.073	-	3.695.073	2.088.274	-	2.088.274
16.5.4	Other Profit Reserves		54.260	-	54.260	54.260	-	54.260
16.6	Profit or (Loss)		4.042.957	-	4.042.957	1.701.569	-	1.701.569
16.6.1	Prior Periods' Profit or (Loss)		289	-	289	1.171	-	1.171
16.6.2	Current Period Profit or (Loss)		4.042.668	-	4.042.668	1.700.398	-	1.700.398
16.7	Minority Shares		-	-	-	-	-	-
	TOTAL LIABILITIES		**40.403.650**	**95.296.036**	**135.699.686**	**28.088.974**	**63.610.822**	**91.699.796**

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

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.
Consolidated Statement of Off-Balance Sheet as of 31 December 2023
(Thousands of Turkish Lira (TL) unless otherwise stated)

II.	CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET ACCOUNTS	Notes (Section Five III)	Audited Current Period 31 December 2023			Audited Prior Period 31 December 2022		
			TL	FC	Total	TL	FC	Total
A.	**OFF-BALANCE SHEET COMMITMENTS (I+II+III)**		**11.876.311**	**24.568.607**	**36.444.918**	**15.895.680**	**24.864.825**	**40.760.505**
I.	**GUARANTEES AND WARRANTIES**	(1)	**84.924**	**4.669.416**	**4.754.340**	**72.418**	**2.969.043**	**3.041.461**
1.1	Letters of Guarantee		84.924	4.060.156	4.145.080	72.418	2.408.778	2.481.196
1.1.1	Guarantees Subject to State Tender Law		-	-	-	-	-	-
1.1.2	Guarantees Given for Foreign Trade Operations		1	-	1	1	-	1
1.1.3	Other Letters of Guarantee		84.923	4.060.156	4.145.079	72.417	2.408.778	2.481.195
1.2	Bank Acceptances		-	-	-	-	-	-
1.2.1	Import Letter of Acceptance		-	-	-	-	-	-
1.2.2	Other Bank Acceptances		-	-	-	-	-	-
1.3	Letters of Credit		-	-	-	-	118.700	118.700
1.3.1	Documentary Letters of Credit		-	-	-	-	118.700	118.700
1.3.2	Other Letters of Credit		-	-	-	-	-	-
1.4	Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5	Endorsements		-	-	-	-	-	-
1.5.1	Endorsements to the Central Bank of the Republic of Türkiye		-	-	-	-	-	-
1.5.2	Other Endorsements		-	-	-	-	-	-
1.6	Purchase Guarantees on Marketable Security Issuance		-	-	-	-	-	-
1.7	Factoring Guarantees		-	-	-	-	-	-
1.8	Other Guarantees		-	609.260	609.260	-	441.565	441.565
1.9	Other Collaterals		-	-	-	-	-	-
II.	**COMMITMENTS**	(1,3)	**1.656.171**	**7.929.901**	**9.586.072**	**4.274.782**	**8.176.009**	**12.450.791**
2.1	Irrevocable Commitments		390.901	1.292.430	1.683.331	376.782	291.108	667.890
2.1.1	Asset Purchase and Sale Commitments		127.990	1.292.376	1.420.366	248.875	285.102	533.977
2.1.2	Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3	Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4	Loan Granting Commitments		-	-	-	-	-	-
2.1.5	Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6	Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7	Commitments for Cheques		-	-	-	-	-	-
2.1.8	Tax and Fund Liabilities from Export Commitments		-	-	-	-	-	-
2.1.9	Commitments for Credit Card Limits		-	-	-	-	-	-
2.1.10	Commitments for Credit Cards and Banking Services Promotions		-	-	-	-	-	-
2.1.11	Receivables from Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12	Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.13	Other Irrevocable Commitments		262.911	54	262.965	127.907	6.006	133.913
2.2	Revocable Commitments		1.265.270	6.637.471	7.902.741	3.898.000	7.884.901	11.782.901
2.2.1	Revocable Loan Granting Commitments		1.265.270	6.637.471	7.902.741	3.898.000	7.884.901	11.782.901
2.2.2	Other Revocable Commitments		-	-	-	-	-	-
III.	**DERIVATIVE FINANCIAL INSTRUMENTS**	(2)	**10.135.216**	**11.969.290**	**22.104.506**	**11.548.480**	**13.719.773**	**25.268.253**
3.1	Hedging Derivative Financial Instruments		-	-	-	-	-	-
3.1.1	Transactions for Fair Value Hedge		-	-	-	-	-	-
3.1.2	Transactions for Cash Flow Hedge		-	-	-	-	-	-
3.1.3	Transactions for Foreign Net Investment Hedge		-	-	-	-	-	-
3.2	Trading Transactions		10.135.216	11.969.290	22.104.506	11.548.480	13.719.773	25.268.253
3.2.1	Forward Foreign Currency Buy/Sell Transactions		-	-	-	-	-	-
3.2.1.1	Forward Foreign Currency Transactions-Buy		-		-	-	-	-
3.2.1.2	Forward Foreign Currency Transactions-Sell		-	-	-	-	-	-
3.2.2	Swap Transactions Related to Foreign Currency and Interest Rates		10.135.216	11.969.290	22.104.506	11.548.480	13.719.773	25.268.253
3.2.2.1	Foreign Currency Swap-Buy		982.007	10.034.857	11.016.864	4.004.626	8.635.097	12.639.723
3.2.2.2	Foreign Currency Swap-Sell		9.153.209	1.934.433	11.087.642	7.543.854	5.084.676	12.628.530
3.2.2.3	Interest Rate Swap-Buy		-	-	-	-	-	-
3.2.2.4	Interest Rate Swap-Sell		-	-	-	-	-	-
3.2.3	Foreign Currency, Interest rate and Securities Options		-	-	-	-	-	-
3.2.3.1	Foreign Currency Options-Buy		-	-	-	-	-	-
3.2.3.2	Foreign Currency Options-Sell		-	-	-	-	-	-
3.2.3.3	Interest Rate Options-Buy		-	-	-	-	-	-
3.2.3.4	Interest Rate Options-Sell		-	-	-	-	-	-
3.2.3.5	Securities Options-Buy		-	-	-	-	-	-
3.2.3.6	Securities Options-Sell		-	-	-	-	-	-
3.2.4	Foreign Currency Futures		-	-	-	-	-	-
3.2.4.1	Foreign Currency Futures-Buy		-	-	-	-	-	-
3.2.4.2	Foreign Currency Futures-Sell		-	-	-	-	-	-
3.2.5	Interest Rate Futures		-	-	-	-	-	-
3.2.5.1	Interest Rate Futures-Buy		-	-	-	-	-	-
3.2.5.2	Interest Rate Futures-Sell		-	-	-	-	-	-
3.2.6	Other		-	-	-	-	-	-
B.	**CUSTODY AND PLEDGES RECEIVED (IV+V+VI)**		**131.922.770**	**446.065.549**	**577.988.319**	**34.846.478**	**138.878.523**	**173.725.001**
IV.	**ITEMS HELD IN CUSTODY**		**118.371**	**-**	**118.371**	**145.502**	**-**	**145.502**
4.1	Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2	Investment Securities Held in Custody		118.371	-	118.371	145.502	-	145.502
4.3	Checks Received for Collection		-	-	-	-	-	-
4.4	Commercial Notes Received for Collection		-	-	-	-	-	-
4.5	Other Assets Received for Collection		-	-	-	-	-	-
4.6	Assets Received for Public Offering		-	-	-	-	-	-
4.7	Other Items Under Custody		-	-	-	-	-	-
4.8	Custodians		-	-	-	-	-	-
V.	**PLEDGES RECEIVED**		**131.804.399**	**446.065.549**	**577.869.948**	**34.700.976**	**138.878.523**	**173.579.499**
5.1	Marketable Securities		15.655.237	-	15.655.237	14.456.671	-	14.456.671
5.2	Guarantee Notes		2.390	4.853.729	4.856.119	23.802	8.409.098	8.432.900
5.3	Commodity		-	-	-	-	-	-
5.4	Warranty		-	-	-	-	-	-
5.5	Immovable		110.341.770	413.292.111	523.633.881	18.515.370	112.182.375	130.697.745
5.6	Other Pledged Items		5.668.808	23.577.339	29.246.147	1.552.935	14.503.877	16.056.812
5.7	Pledged Items-Depository		136.194	4.342.370	4.478.564	152.198	3.783.173	3.935.371
VI.	**ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES**		-	-	-	-	-	-
	TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		**143.799.081**	**470.634.156**	**614.433.237**	**50.742.158**	**163.743.348**	**214.485.506**

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

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

III.	CONSOLIDATED STATEMENT OF PROFIT OR LOSS	Notes (Section Five IV)	Audited	Audited
	INCOME AND EXPENSE ITEMS		Current Period 1 January- 31 December 2023	Prior Period 1 January- 31 December 2022
I.	**INTEREST INCOME**	(1)	**16.178.890**	**6.493.201**
1.1	Interest on Loans		7.108.531	3.126.518
1.2	Interest on Reserve Requirements		-	-
1.3	Interest on Banks		2.859.352	1.034.659
1.4	Interest on Money Market Transactions		2.612.351	455.531
1.5	Interest on Marketable Securities Portfolio		3.598.585	1.874.236
1.5.1	Fair Value Through Profit or Loss		-	18
1.5.2	Fair Value Through Other Comprehensive Income		1.076.745	687.078
1.5.3	Measured at Amortised Cost		2.521.840	1.187.140
1.6	Financial Lease Income		-	-
1.7	Other Interest Income		71	2.257
II.	**INTEREST EXPENSE (-)**	(2)	**(8.653.879)**	**(3.488.937)**
2.1	Interest on Deposits		-	-
2.2	Interest on Funds Borrowed		(7.228.677)	(2.947.765)
2.3	Interest Expense on Money Market Transactions		(528.112)	(269.817)
2.4	Interest on Securities Issued		(182.028)	(27.463)
2,5	Measured at Amortised Expense		(3.066)	(2.477)
2.6	Other Interest Expenses		(711.996)	(241.415)
III.	**NET INTEREST INCOME (I - II)**		**7.525.011**	**3.004.264**
IV.	**NET FEES AND COMMISSIONS INCOME**		**137.029**	**99.883**
4.1	Fees and Commissions Received		313.988	121.342
4.1.1	Non-cash Loans		90.520	59.206
4.1.2	Other	(13)	223.468	62.136
4.2	Fees and Commissions Paid		(176.959)	(21.459)
4.2.1	Non-cash Loans		(14)	-
4.2.2	Other	(13)	(176.945)	(21.459)
V.	**DIVIDEND INCOME**	(3)	**22.876**	**47.940**
VI.	**TRADING PROFIT / (LOSS) (Net)**	(4)	**(603.480)**	**53.886**
6.1	Trading Gains / (Losses) on Securities		162.471	104.976
6.2	Gains / (Losses) on Derivative Financial Transactions		1.986.104	289.590
6.3	Foreign Exchange Gains / (Losses)		(2.752.055)	(340.680)
VII.	**OTHER OPERATING INCOME**	(5)	**223.334**	**145.675**
VIII.	**GROSS OPERATING INCOME (III+IV+V+VI+VII)**		**7.304.770**	**3.351.648**
IX.	**EXPECTED CREDIT LOSS (-)**	(6)	**(492.037)**	**(495.232)**
X.	**OTHER PROVISION EXPENSE (-)**	(6)	**(345.475)**	**(186.833)**
XI.	**PERSONNEL EXPENSE (-)**		**(460.422)**	**(221.325)**
XII.	**OTHER OPERATING EXPENSES (-)**	(7)	**(365.833)**	**(115.549)**
XIII.	**NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)**		**5.641.003**	**2.332.709**
XIV.	**EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER**		-	-
XV.	**INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD**		-	-
XVI.	**INCOME/(LOSS) ON NET MONETARY POSITION**		-	-
XVII.	**PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XIII+…+XVI)**	(9)	**5.641.003**	**2.332.709**
XVIII.	**TAX PROVISION FOR CONTINUED OPERATIONS (±)**	(10)	**(1.598.335)**	**(632.311)**
18.1	Current Tax Provision		(1.762.726)	(774.028)
18.2	Deferred Tax Income Effect (+)		-	-
18.3	Deferred Tax Expense Effect (-)		164.391	141.717
XIX	**CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XVII±XVIII)**	(11)	**4.042.668**	**1.700.398**
XX.	**INCOME FROM DISCONTINUED OPERATIONS**		-	-
20.1	Income from Non-current Assets Held for Sale		-	-
20.2	Profit from Sales of Associates, Subsidiaries and Joint Ventures		-	-
20.3	Income from Other Discontinued Operations		-	-
XXI.	**EXPENSES FOR DISCONTINUED OPERATIONS (-)**		-	-
21.1	Expenses for Non-current Assets Held for Sale		-	-
21.2	Loss from Sales of Associates, Subsidiaries and Joint Ventures		-	-
21.3	Expenses for Other Discontinued Operations		-	-
XXII	**PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XX-XXI)**		-	-
XXIII	**TAX PROVISION FOR DISCONTINUED OPERATIONS (±)**		-	-
23.1	Current Tax Provision		-	-
23.2	Deferred Tax Expense Effect (+)		-	-
23.3	Deferred Tax Income Effect (-)		-	-
XXIV	**CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)**	(12)	**4.042.668**	**1.700.398**
XXV.	NET PROFIT/(LOSS) (XIX+XXIV)		4.042.668	1.700.398
25.1	Group Profit / Loss	(14)	-	-
25.2	Minority Shares Profit / Loss (-)		0,016	0,008
	Earning/(Loss) per share (in TL full)			

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

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

		Audited Current Period 1 January- 31 December 2023	Audited Prior Period 1 January- 31 December 2022
IV.	**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**		
I.	**CURRENT PERIOD PROFIT/LOSS**	**4.042.668**	**1.700.398**
II.	**OTHER COMPREHENSIVE INCOME**	**(4.272)**	**188.359**
2.1	**Not Reclassified to Profit or Loss**	**-**	**492**
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
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)
2.2	**Reclassified to Profit or Loss**	**(4.272)**	**187.867**
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	(4.409)	254.441
2.2.3	Cash Flow Hedge Income/Loss	-	-
2.2.4	Foreign Net Investment Hedge Income/Loss	-	-
2.2.5	Other Comprehensive Income Items Reclassified Through Profit or Losses	9.464	1.467
2.2.6	Tax Related Other Comprehensive Income Items Reclassified Through Profit or Loss	(9.327)	(68.041)
III.	**TOTAL COMPREHENSIVE INCOME (I+II)**	**4.038.396**	**1.888.757**

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

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.
Consolidated Statement of Changes in Shareholders' Equity for the Period Ended 31 December 2023
(Thousands of Turkish Lira (TL) unless otherwise stated)

	V. CONSOLIDATED 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			Other Comprehensive Income/Expense Items to be Reclassified to Profit or Loss			Profit Reserves	Prior Period Net Income (Loss)	Current Period Net Income (Loss)	Total Equity Excluding Minority Shares	Minority Shares	Total Equity
						1	2	3	4	5	6						
	Prior 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**	**816.197**	**-**	**4.465.637**	**-**	**4.465.637**
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**	**816.197**	**-**	**4.465.637**	**-**	**4.465.637**
IV.	**Total comprehensive income (loss)**	**-**	**-**	**-**	**-**	**-**	**492**	**-**	**-**	**186.400**	**1.467**	**-**	**-**	**1.700.398**	**1.888.757**	**-**	**1.888.757**
V.	**Capital increase in cash**	**500.000**	**291**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**500.291**	**-**	**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**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**34**	**21**	**-**	**55**	**-**	**55**
XI.	**Profit distribution**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**814.047**	**(815.047)**	**-**	**(1.000)**	**-**	**(1.000)**
11.1	Dividends distributed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	Transfers to legal reserves	-	-	-	-	-	-	-	-	-	-	814.047	(814.047)	-	-	-	-
11.3	Other	-	-	-	-	-	-	-	-	-	-	-	(1.000)	-	(1.000)		(1.000)
	Balances (III+IV+…..+X+XI)	**2.500.000**	**4.038**	**-**	**206.074**	**-**	**(506)**	**-**	**-**	**163.141**	**1.467**	**2.277.957**	**1.171**	**1.700.398**	**6.853.740**	**-**	**6.853.740**
	Current Period 31 December 2023																
I.	**Balance at the beginning of the period**	**2.500.000**	**4.038**	**-**	**206.074**	**-**	**(506)**	**-**	**-**	**163.141**	**1.467**	**2.277.957**	**1.701.569**	**-**	**6.853.740**	**-**	**6.853.740**
II.	**Adjustment in accordance with TAS 8**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2.1	Effect of adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	**New balance (I+II)**	**2.500.000**	**4.038**	**-**	**206.074**	**-**	**(506)**	**-**	**-**	**163.141**	**1.467**	**2.277.957**	**1.701.569**	**-**	**6.853.740**	**-**	**6.853.740**
IV.	**Total comprehensive income (loss)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(13.736)**	**9.464**	**-**	**-**	**4.042.668**	**4.038.396**	**-**	**4.038.396**
V.	**Capital increase in cash**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
VI.	**Capital increase through internal reserves**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
VII.	**Issued capital inflation adjustment difference**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
VIII	**Convertible bonds**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
IX.	**Subordinated debt**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
X.	**Increase (decrease) through other changes, equity**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
XI.	**Profit distribution**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1.691.816**	**(1.701.280)**	**-**	**(9.464)**	**-**	**(9.464)**
11.1	Dividends distributed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	Transfers to legal reserves	-	-	-	-	-	-	-	-	-	-	1.691.816	(1.691.816)	-	-	-	-
11.3	Other	-	-	-	-	-	-	-	-	-	-	-	(9.464)	-	(9.464)		(9.464)
	Balances (III+IV+…..+X+XI)	**2.500.000**	**4.038**	**-**	**206.074**	**-**	**(506)**	**-**	**-**	**149.405**	**10.931**	**3.969.773**	**289**	**4.042.668**	**10.882.672**	**-**	**10.882.672**

1. Accumulated revaluation increases/decreases of fixed assets,
2. Accumulated remeasurement gains/losses of defined benefit plans,
3. Other (Shares of other comprehensive income of investments valued by the equity method that will not be reclassified to profit/loss and accumulated amounts of other comprehensive income elements that will not be reclassified to profit or loss)
4. Foreign currency translation differences,
5. Accumulated revaluation and/or reclassification gains/losses of financial assets at fair value through other comprehensive income,
6. Other (represents cash flow hedging gains/losses, shares of other comprehensive income of investments valued by the equity method to be classified in profit/loss, and accumulated amounts of other comprehensive income items to be reclassified as other profit or loss).

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

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

VI.	CONSOLIDATED STATEMENT OF CASH FLOWS	Notes (Section Five V)	Audited Current Period 1 January-31 December 2023	Audited Prior Period 1 January-31 December 2022
A.	**CASH FLOWS FROM BANKING OPERATIONS**			
1.1	**Operating Profit Before Changes in Operating Assets and Liabilities**	(1)	**4.041.997**	**1.291.986**
1.1.1	Interest Received		12.839.463	4.719.128
1.1.2	Interest Paid		(5.885.250)	(1.959.750)
1.1.3	Dividend Received		22.876	47.940
1.1.4	Fees and Commissions Received		154.721	91.200
1.1.5	Other Income		-	90.074
1.1.6	Collections from Previously Written-off Loans and Other Receivables		141.541	190.905
1.1.7	Payments to Personnel and Service Suppliers		(541.332)	(235.946)
1.1.8	Taxes Paid		(1.580.820)	(527.805)
1.1.9	Other	(1)	(1.109.202)	(1.123.760)
1.2	**Changes in Operating Assets and Liabilities**	(1)	**3.966.737**	**10.431.335**
1.2.1	Net Increase/Decrease in Financial Assets at Fair Value Through Profit or Loss		(142.400)	(75.292)
1.2.2	Net (increase) / decrease in due from banks and other financial institutions		-	-
1.2.3	Net (increase) / decrease in loans		4.571.645	(8.513.124)
1.2.4	Net (increase) / decrease in other assets		420.236	(45.498)
1.2.5	Net increase / (decrease) in bank deposits		-	-
1.2.6	Net increase / (decrease) in other deposits		-	-
1.2.7	Net increase/ (decrease) in Financial Liabilities at Fair Value Through Profit or Loss		-	-
1.2.8	Net increase / (decrease) in funds borrowed		2.597.223	10.298.591
1.2.9	Net increase / (decrease) in payables		-	-
1.2.10	Net increase / (decrease) in other liabilities	(1)	(3.479.967)	8.766.658
I.	**Net Cash Provided from Banking Operations**	(1)	**8.008.734**	**11.723.321**
B.	**CASH FLOWS FROM INVESTMENT ACTIVITIES**			
II.	**Net Cash Provided from Investing Activities**		**(3.900.905)**	**(5.244.608)**
2.1	Cash paid for acquisition of investments, associates and subsidiaries		-	-
2.2	Cash obtained from disposal of investments, associates and subsidiaries		-	-
2.3	Purchases of property and equipment		(14.733)	(46.658)
2.4	Disposals of property and equipment		421.475	38.762
2.5	Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		(22.856.316)	(9.709.685)
2.6	Sale of Financial Assets at Fair Value Through Other Comprehensive Income		19.831.165	6.828.580
2.7	Purchase of Financial Assets Measured at Amortised Cost		(3.099.315)	(2.350.640)
2.8	Sale of Financial Assets Measured at Amortised Cost		1.437.495	-
2.9	Other		379.324	(4.967)
C.	**CASH FLOWS FROM FINANCING ACTIVITIES**			
III.	**Net Cash Provided from Financing Activities**	(1)	**(17.229)**	**3.791.522**
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
3.4	Dividends Paid		-	-
3.5	Payments for Finance Leases		(17.229)	(8.799)
3.6	Other		-	-
IV.	**Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents**	(1)	**2.022.255**	**766.822**
V.	**Net Decrease/ Increase in Cash and Cash Equivalents (I+II+III+IV)**		**6.112.855**	**11.037.057**
VI.	**Cash and Cash Equivalents at the Beginning of the Period**	(2)	**15.299.352**	**4.262.295**
VII.	**Cash and Cash Equivalents at the End of the Period**	(3)	**21.412.207**	**15.299.352**

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

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

VII. STATEMENT OF PROFIT DISTRIBUTION		Audited Current Period 1 January-31 December 2023(*)	Audited Prior Period** 1 January-31 December 2022
I.	**DISTRIBUTION OF CURRENT YEAR INCOME**		
1.1	CURRENT YEAR INCOME	5.642.607	2.320.610
1.2	TAXES AND DUTIES PAYABLE(-)	(1.599.232)	(629.242)
1.2.1	Corporate Tax (Income tax)	(1.762.541)	(770.809)
1.2.2	Income witholding tax	-	-
1.2.3	Other taxes and duties	163.309	141.567
A.	**NET INCOME FOR THE YEAR (1.1-1.2)**	**4.043.375**	**1.691.368**
1.3	PRIOR YEARS LOSSES (-)	-	-
1.4	FIRST LEGAL RESERVES (-)	-	(84.569)
1.5	OTHER STATUTORY RESERVES (-)	-	-
B.	**NET INCOME AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5)]**	**4.043.375**	**1.606.799**
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(**)	-	1.606.799
1.13	OTHER RESERVES	-	-
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	0,016	0,008
3.2	TO OWNERS OF ORDINARY SHARES (%)	1,6	0,8
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 PRIVILAGED SHARES	-	-
4.4	TO OWNERS OF PRIVILEGED SHARES (%)	-	-

(*) Since the dividend distribution proposal for 2023 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 2023 dividend distribution table.
(**) The profit of 2022 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").

The accompanying financial statements and explanations and notes to these statements as of 31 December 2023 have been prepared in accordance with the "Communiqué on Financial Statements to be Disclosed to Public by Banks and Explanations and Footnotes Thereof'' published in the Official Gazette numbered 28337, dated 28 June 2012, "Communiqué on the Preparation of Consolidated Financial Statements of Banks'' published in the Official Gazette numbered 26340, dated 8 November 2006 and "Communıqué on Disclosures About Risk Management to be Announced to Public by Banks" published in the Official Gazette numbered 29511, dated 23 October 2015 and amendments and changes to these communiqués.

b. Changes in accounting policies and disclosures:

In the announcement dated 23 November 2023 made by the POA, it was stated that the financial statements of companies applying TFRS for the annual reporting period ending on or after 31 December 2023 must be presented adjusted for the inflation effect within the scope of Financial Reporting in High Inflation Economies ("TAS 29"), however authorities or organizations authorized to regulate and supervise their fields are given the freedom to determine different transition dates for the implementation of inflation accounting. In this context, BRSA, with its decision dated 12 December 2023 and numbered 10744, decided that the financial statements of banks, financial leasing, factoring, financing, savings financing and asset management companies dated 31 December 2023 will not be subject to the inflation adjustment required within the scope of TMS 29. The Capital Markets Board ("CMB"), with its Board Decision dated 28 December 2023 and numbered 81/1820, will issue the following documents in accordance with the provisions of TAS 29, starting from the annual financial reports of issuers and capital market institutions subject to financial reporting regulations for the accounting periods ending as of 31 December 2023, decided to apply inflation accounting.

While preparing the consolidated financial statements, the Parent Bank used the financial statements of its subsidiaries Kalkınma Yatırım Varlık Kiralama A.Ş. and Kalkınma Girişim Sermayesi Portföy Yönetimi A.Ş., which are not subject to inflation accounting in accordance with TAS 29.

c. Other issues:

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

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

The estimated effect of the earthquake is taken into consideration in the expected loan loss provisions calculation and reflected in the financial statements dated 31 December 2023. The earthquake effect on the expected loan loss provisions is disclosed in Note X "Explanations on Impairment of Financial Assets".

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

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

Accounting policies for the preparation of consolidated 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 - XXV.

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

During the utilization of the funds obtained, the Parent 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 Parent 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 Parent 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 Parent Bank's previous experiences are based on when taking positions as well as legal limits. In this way, limit excesses are prevented.

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 Parent 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.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

IV. Explanations on consolidated partnerships:

a. Consolidation principles applied:

Consolidated financial statements are prepared in accordance with the "Communiqué on the Preparation of Consolidated Financial Statements of Banks" and "TFRS - 10 Consolidated Financial Statements" published in the Official Gazette dated 8 November 2006 and numbered 26340.

b. Consolidation principles of subsidiaries

Subsidiaries, whose capital or management is directly or indirectly controlled by the Parent Bank, have the power over the investment made by the Parent Bank and the ability to use its power over the investee in order to affect the amount of returns it has and the amount of returns it will gain due to its relationship with the invested legal entity. partnerships it has.

Subsidiaries are consolidated using the full consolidation method on the basis of operating results, asset and equity sizes. According to the full consolidation method, one hundred percent of the subsidiaries' assets, liabilities, income, expenses and off-balance sheet items are consolidated with the Parent Bank's assets, liabilities, income, expense and off-balance sheet items. The book value of the investments of the Bank in its subsidiaries and the capital of its subsidiaries have been clarified. Balances arising from the transactions between the partnerships within the scope of consolidation have been mutually offset.

The Parent Bank and its consolidated subsidiaries will be referred to as the "Group" in the remainder of the report.

The title of the partnerships within the scope of consolidation, the location of the headquarters, the activity subject, the effective and direct shareholding ratio are as follows:

Title	Center of Activities (City/Country)	Main Area of Activity	Effective Partnership Ratios (%)	Direct and indirect partnership rates (%)
Kalkınma Girişim Sermayesi Portföy Yönetimi A.Ş.	İstanbul/Türkiye	Portfolio Management	100	100
Kalkınma Yatırım Varlık Kiralama A.Ş.	İstanbul/Türkiye	Asset Lease	100	100

V. Representation of affiliates, subsidiaries and jointly controlled partners not included in consolidation in the consolidated financial statements:

Subsidiaries, subsidiaries and jointly controlled partners that are not included in the scope of consolidation are recognized at cost in accordance with "TAS - 27 Separate Financial Statements" and reflected in the consolidated financial statements after deducting if it has any provision for loss in value.

VI. 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.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

VII. 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 Parent 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.

VIII. 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.

IX. Explanations on Financial Assets:

Financial assets mainly constitute the Group’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 Group 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.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

IX. Explanations on Financial Assets (Continued)

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.

Financial Assets Measured at Fair Value through Profit or Loss:

Financial assets whose fair value differences are reflected in profit/loss are mainly for a 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 statement of profit or loss when financial assets are sold.

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

IX. Explanations on Financial Assets (Continued)

Equity Instruments Measured at Fair Value Through Other Comprehensive Income

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

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

Financial Investments Measured at Amortised Cost and Loans:

Financial Investments Measured at Amortised Cost

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

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

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

Loans

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

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

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

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

IX. Explanations on Financial Assets (Continued):

Loans (Continued)

The loan portfolio is regularly monitored by the Parent 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 Parent Bank and the Parent 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 Parent 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.

X. Explanations on Impairment of Financial Assets:

As of 1 January 2019, the Parent 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 the statement of other comprehensive income 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 Parent 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)

X. 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 Parent 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 Parent Bank uses the change in default risk during the expected life of the financial instrument. To make this assessment, the Parent 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 three-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 Group to classify the assets in this portfolio under Stage 1 until an opposite assessment is made.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

X. 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 Parent 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 Parent 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 Parent Bank for collateral
- Customers considered to be at high risk level by the Parent Bank

12-Month Expected Loss

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

X. 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 Parent Bank is the macro note calculated on the company grade (non-macro score) calculated as a result of qualitative (partnership information, group of companies, etc.) and quantitative (liquidity, financial structure, profitability etc.) assessment of each customer. In line with the customer's score, corrections are applied. In this context, studies to determine pioneering vulnerability indicators of Türkiye's economy are made and by the Parent 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 Parent Bank as the threshold values are exceeded and the signal is produced starting at least 12 months before the crisis.

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

The Parent Bank anticipates that the negative effects of the earthquakes that were experienced Kahramanmaraş centered on 6 February 2023, affecting many of our provinces and shocking our whole country, will continue for a certain period of time on the companies operating in the region. The Bank analyzed the effects of the earthquake on the companies in its loan portfolio and re-evaluated the risk levels of the companies, assuming that the foreseen risk is not systematic and reflected the earthquake effect to the expected loan loss calculation as of 31 December 2023.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XI. Explanations on Offsetting of Financial Assets and Liabilities:

Financial assets and liabilities are offset on balance sheet when the Group 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.

XII. 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.

XIII. 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 Parent 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 statement of profit or loss. The Parent Bank has no discontinued operations.

XIV. Explanations on Goodwill and Other Intangible Assets:

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

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

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

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

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XV. Explanations on Tangible Fixed Assets:

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

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

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

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

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

There are no changes in the economic life forecast that have a significant impact in the current period or are expected to have a significant impact in subsequent periods.

XVI. 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 Parent 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 Group, 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 Group’s TL alternative source cost.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XVI. Explanations on Leasing Transactions (Continued)

The Parent 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.

XVII. Explanations on Provisions and Contingent Liabilities:

In the consolidated 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.

XVIII. Explanations on Employee Benefit Liabilities:

Obligations for employee benefits are recognized in accordance with the TAS 19 "Employee Benefits".

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

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate -unless it is negative- applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as of 31 December 2023, the provision has been calculated by estimating the present value of the future probable obligation of the Bank arising from the retirement of the employees. The provisions at the respective balance sheet date have been calculated with a discount rate of 1,91% (31 December 2022: 1,91%). The maximum amount of full TL 35.058,58 effective from 1 July 2023 has been taken into consideration in calculation of provision for employment termination benefits (31 December 2022: full TL 19.982,83).

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XIX. Explanations on Taxation:

Current Tax

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

Corporations are required to pay advance corporate tax quarterly on their corporate income. Advance tax is declared by the 17th and paid by the 17th day of the second month following each calendar quarter end. Advance tax paid by corporations for the current period is credited against the annual corporation tax calculated on the annual corporate income in the following year. On the other hand, in accordance with the Law No. 7338, which was published in the Official Gazette dated 26 October 2021 and numbered 31640, the 4th provisional tax return covering the months of October-December was repealed. Accordingly, the 4th provisional tax declaration will not be filed in 2023 and beyond. Despite the offset, if there is temporary prepaid tax remaining, this amount can be refunded in cash or can be offset against other financial debts to the state. According to Real Estate Sales Exemption in the Article 5.1.e. of Corporate Tax Law which is one of the important tax exemptions applied by the Bank, a 50% exemption is applied to the profits arising from the sale of real estate that has been in the assets of institutions for at least two full years (730 days), while exemption rate is 25% for profits arising from sales of real estate that has been in the assets of institutions before 15 July 2023, the date of entry into force of the Law No. 7456; within the scope of this article Corporate Tax exemption will not be applied to real estate acquired after 15 July 2023. 75% of the profits arising from the sale of founder's shares, usufruct shares and preemptive rights held for the same period as the participation shares are exempt from corporate tax.This exemption applies to the period the sale is made and the part of return on sales that benefits from the exemption is held in a special fund in the liabilities account until the end of the fifth year started from the following year sale is made. However, the sales payment must be collected until the end of the second calendar year following the year in which the sale is made. Taxes which are not realized in time due to the exemption that hits uncollected sales payment are considered as tax loss. Taxes which does not accrue on time because the applying exemption for the transfer of the exempted part of revenue to the other accounts with other ways out of capitalizing in five years or withdrawn from company or transferring from limited taxpayer corporations to the headquarters, are considered as tax loss. This is also be applicable in the condition of liquidation of business (Except transfers and divisions that make according to this code).

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XIX . Explanations on Taxation (Continued):

Current Tax (Continued)

Moreover, according to 5.1.f. article of Corporation Tax Law; corporations which have been fallen to legal proceedings because of owe to the bank or Savings Deposit Insurance Funds, and their warrantors' real estates, participation stocks, founding bonds, redeemed shares, options to call of mortgagors' revenues that used for against debts or transferring to SDIF, 50% for real estates, and 75% for others are exempted from Corporation tax.

Under the Turkish Corporate Tax Law, losses can be carried forward to offset against future taxable income for up to five years. Losses cannot be carried back to offset profits from previous periods. In Türkiye, there is no procedure for a final and definitive agreement on tax assessments with tax authorities.

With the "Tax Procedure Law and the Law on Amendments to the Corporate Tax Law" adopted on the agenda of the Grand National Assembly of Türkiye on 20 January 2022, the implementation of inflation accounting has been postponed to start from the balance sheet dated 31 December 2023.

Regulations regarding the implementation of Inflation Accounting were determined with the Tax Procedure Law Communiqué No. 555, which entered into force after being published in the Official Gazette No. 32415 dated 30 December 2023. Valuation differences for 2023 will be transferred to equity and will not be associated with the statement of profit or loss. Previous year's profit resulting from inflation correction of the balance sheet at the end of the 2023 accounting period (determined after correction) will not be subject to tax and previous year's losses will not be accepted as loss.

On the other hand, in accordance with Article 17 of Law No. 7491 dated 28 December 2023 and numbered 32413, "Banks, companies within the scope of the Financial Leasing, Factoring, Financing and Savings Financing Companies Law No. 6361 dated 21 November 2012, payment and electronic money institutions, authorized foreign exchange institutions" , asset management companies and capital markets, the profit/loss difference resulting from the inflation adjustment made in the 2024 and 2025 accounting periods will not be taken into account in determining the earnings. The President is authorized to extend the periods determined within the scope of this paragraph by one accounting period, including provisional tax periods." With the foresaid provision valuation differences resulting from the inflation adjustment will not affect the tax base.

According to Turkish tax legislation, financial losses shown on the declaration can be deducted from the period corporate income for a period not exceeding 5 years. However financial losses can not be offsetted from last year's profits. In Türkiye, there is no practice of reaching an agreement with the tax authority regarding the taxes to be paid.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XIX . Explanations on Taxation (Continued):

Current Tax (Continued)

Corporate tax declarations are submitted to the relevant tax office by the evening of the 30th day of the fourth month following the month in which the accounting period is closed, and the accrued tax is paid by the evening of the 30th day. However, the authorities authorized for tax inspection may examine the accounting records within five years, and if incorrect transactions are detected, the tax amounts to be paid may change.

Deferred Tax

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

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

The income tax charge is composed of the sum of current tax and deferred tax charges. The current tax liability is calculated over taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss 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)

XX. Additional Explanations on Borrowings:

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

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

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

The Parent 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 Parent Bank has not issued any convertible bonds.

XXI. Explanations on Shares Issued:

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

XXII. Explanations on Bill Guarantees and Acceptances:

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

XXIII. Explanations on Government Incentives:

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

XXIV. Earnings Per Share:

The earnings per share stated in the statement of profit or loss are calculated by dividing the net profit/loss by the weighted average number of shares issued during the relevant year.

	Current Period (31.12.2023)	**Prior Period (31.12.2022)**
Net Profit for the Period	4.042.668	1.700.398
Weighted Average Number of Ordinary Shares Issued (Thousand)	250.000.000	200.547.945
Profit Per Share (in Full TL)	**0,01617**	**0,00848**

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XIV. Earnings Per Share (Continued)

In Türkiye, companies can increase their capital by distributing "free shares" from their previous year's earnings to their existing shareholders. Such distributions of "free shares" are taken into consideration as issued shares in earnings per share calculations. Accordingly, the weighted average number of shares used in these calculations is calculated by taking into account the retrospective effects of these share distributions. In case of the number of issued shares increases after the balance sheet date due to the distribution of the number of free shares before the date of preparation of the financial statements, the calculation of earnings per share is made taking into account the total number of new shares.

There is no new paid-in shares issued in 2023 (2022: 500 million shares with price issued).

XXV. Related Parties

For the purposes of these financial statements, shareholders, senior executives and members of the board of directors, their families and companies controlled or affiliated by them, as well as subsidiaries and joint ventures subject to joint management have been accepted as related parties within the scope of the TAS 24 Related Party Disclosures Standard. Transactions with related parties are shown in footnote V of Chapter Five.

XXVI. Explanations on Segment Reporting:

As part of its mission, the Parent 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. The Parent Bank derives almost all of its income from within the country.

Within the scope of investment banking activities, the Parent 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.

The information table regarding the consolidated operation segmentation prepared as of 31 December 2023 is given below.

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XXVI. Explanations on Segment Reporting (Continued)

Current Period (31.12.2023)	**Investment Banking (Treasury)**	**Corporate Banking**	**Other**	**Total Operations of the Group**
Net Interest Income/(Expense)	7.853.610	(325.604)	(2.995)	7.525.011
Net Fees And Commissions Income/(Expense)	(28.017)	121.482	43.564	137.029
Other Income	2.045.747	325.686	25.603	2.397.036
Other Expense	-	(3.249.643)	(1.168.430)	(4.418.073)
Profit Before Tax	9.871.340	(3.128.079)	(1.102.258)	5.641.003
Tax Provision	-	-	(1.598.335)	(1.598.335)
Net Profit For The Period	**9.871.340**	**(3.128.079)**	**(2.700.593)**	**4.042.668**
Group Profit / Loss	**9.871.340**	**(3.128.079)**	**(2.700.593)**	**4.042.668**
Minority Rights Profit / Loss (-)	**-**	**-**	**-**	**-**
Current Period (31.12.2023)				
Segment Assets	50.858.937	83.531.920	1.298.243	135.689.100
Associates And Subsidiaries	-	10.586	-	10.586
Total Assets	**50.858.937**	**83.542.506**	**1.298.243**	**135.699.686**
Segment Liabilities	6.028.749	116.163.142	2.625.123	124.817.014
Shareholders' Equity	-	-	10.882.672	10.882.672
Total Liabilities	**6.028.749**	**116.163.142**	**13.507.795**	**135.699.686**

Prior Period (31.12.2022)	**Investment Banking (Treasury)**	**Corporate Banking**	**Other**	**Total Operations of the Group**
Net Interest Income/(Expense)	3.094.609	(90.125)	(220)	3.004.264
Net Fees And Commissions İncome/(Expense)	(22.179)	81.658	40.404	99.883
Other Income	394.566	162.671	31.930	589.167
Other Expense	(22.680)	(900.183)	(437.742)	(1.360.605)
Profit Before Tax	3.444.316	(745.979)	(365.628)	2.332.709
Tax Provision	-	-	(632.311)	(632.311)
Net Profit For The Period	**3.444.316**	**(745.979)**	**(997.939)**	**1.700.398**
Group Profit / Loss	**3.444.316**	**(745.979)**	**(997.939)**	**1.700.398**
Minority Rights Profit / Loss (-)	**-**	**-**	**-**	**-**
Prior Period (31.12.2022)				
Segment Assets	31.699.500	59.706.187	283.523	91.689.210
Associates And Subsidiaries	-	10.586	-	10.586
Total Assets	**31.699.500**	**59.716.773**	**283.523**	**91.699.796**
Segment Liabilities	3.059.343	80.773.867	1.012.846	84.846.056
Shareholders' Equity	-	-	6.853.740	6.853.740
Total Liabilities	**3.059.343**	**80.773.867**	**7.866.586**	**91.699.796**

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

SECTION FOUR

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT

I. Explanations Related to Consolidated Equity:

Consolidated 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 Group’s equity amount as of 31 December 2023 is TL 19.762.269, (31 December 2022: TL 12.925.735) and its capital adequacy ratio is 16,74% (31 December 2022:16,66%). The capital adequacy ratio of the Group is above the minimum ratio determined by the relevant legislation.

Information on Equity Items:

Current Period (31.12.2023)	Amount
Common Equity Tier I Capital	
Paid-in Capital to be Entitled for Compensation after All Creditors	2.706.074
Share Premium	4.038
Reserves	3.969.773
Other Comprehensive Income according to TAS	208.244
Profit	4.042.957
Net profit for the period	4.042.668
Retained Earnings	289
Bonus Shares from Associates, Affiliates and Joint-Ventures not Accounted in Current Period’s Profit	10.931
Minority Shares	-
Common Equity Tier I Capital Before Deductions	**10.942.017**
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 (-)	1.240
Leasehold Improvements on Operational Leases (-)	995
Goodwill Netted with Deferred Tax Liabilities	-
Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights	32.323
The remaining portion of the deferred tax asset based on taxable income to be obtained in future periods, excluding deferred tax assets based on temporary differences, after offsetting it with the relevant deferred tax 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	-

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations Related to Consolidated Equity (Continued)

Information on Consolidated 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 the10% 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	324.243
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	**358.801**
Total Common Equity Tier I Capital	**10.583.216**
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	6.384.375
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-
Shares of Third Parties in Additional Tier 1 Capital	
Shares of Third Parties in Additional Tier 1 Capital (Those within the scope of Temporary Article 3)	
Additional Tier 1 Capital Before Deductions	**6.384.375**
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	-

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations Related to Consolidated Equity (Continued)

Information on Consolidated 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	**6.384.375**
Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)	**16.967.591**
TIER II CAPITAL	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	1.827.616
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-
Shares of Third Parties in the contribution capital	
Shares of Third Parties in the contribution capital (within the scope of Temporary Article 3)	
Provisions (Amounts explained in the first paragraph of the article 8 of the Regulation on Bank Capital)	967.062
Total Deductions from Tier II Capital	**2.794.678**
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 Consolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital	-
Other items to be defined by the BRSA (-)	-
Total Deductions from Tier II Capital	-
Total Tier II Capital	**2.794.678**
Total Equity (Total Tier I and Tier II Capital)	**19.762.269**
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	-

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations Related to Consolidated Equity (Continued)

Information on Consolidated Equity Items (Continued):

Items to be Deducted from the Sum of Tier I and Tier II Capital (Capital) During the Transition Period	**208.243**
The Portion of Total of Net Long Positions of the Investments in Equity Items of 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 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 Consolidated 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 Consolidated 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)	19.762.269
Total Risk Weighted Assets	118.075.918
CAPITAL ADEQUACY RATIOS	
Consolidated CET1 Capital Ratio (%)	8,96
Consolidated Tier I Capital Ratio (%)	14,37
Capital Adequacy Ratio (%)	16,74
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 Consolidated 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 Consolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital	-

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations Related to Consolidated Equity (Continued)

Information on Consolidated 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)	967.062
General Loan Provisions for Exposures in Standard Approach Limited by 1,25% of Risk Weighted Assets	967.062
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach	387.505
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	-

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations Related to Consolidated Equity (Continued)

Information on Consolidated Equity Items (Continued):

Prior Period (31.12.2022)	Amount
Common Equity Tier I Capital	
Paid-in Capital to be Entitled for Compensation after All Creditors	2.706.074
Share Premium	4.038
Reserves	2.279.128
Other Comprehensive Income according to TAS	231.407
Profit	1.700.398
Net profit for the period	1.700.398
Retained Earnings	-
Bonus Shares from Associates, Affiliates and Joint-Ventures not Accounted in Current Period's Profit	1.467
Minority shares	**-**
Common Equity Tier I Capital Before Deductions	**6.922.512**
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	3.465
Goodwill Netted with Deferred Tax Liabilities	-
Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights	21.673
The remaining portion of the deferred tax asset based on taxable income to be obtained in future periods, excluding deferred tax assets based on temporary differences, after offsetting it with the relevant deferred tax liability	-
Differences arise when assets and liabilities not held at fair value, are subjected to cash flow hedge accounting	-
Total credit losses that exceed total expected loss calculated according to the Regulation on Calculation of Credit Risk by Internal Ratings Based Approach	-
Securitization gains	-
Unrealized gains and losses from changes in bank's liabilities' fair values due to changes in creditworthiness	-
Net amount of defined benefit plans	-
Direct and Indirect Investments of the Bank on its own Tier I Capital (-)	-
Shares Obtained against Article 56, Paragraph 4 of the Banking Law (-)	-
Total of Net Long Positions of the Investments in Equity Items of 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 (-)	-

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations Related to Consolidated Equity (Continued)

Information on Consolidated Equity Items (Continued):

Total of Net Long Positions of the Investments in Equity Items of Consolidated 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 the10% 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 Consolidated 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 (-)	169.179
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	**213.292**
Total Common Equity Tier I Capital	**6.709.220**
ADDITIONAL TIER 1 CAPITAL	
Preferred Stock not Included in Common Equity Tier I Capital and the Related Share Premiums	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	4.486.455
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-
Shares of third parties in additional Tier 1 capital	
Shares of third parties in the additional tier capital (within the scope of Provisional Article 3)	
Additional Tier 1 Capital Before Deductions	**4.486.455**
Deductions From Additional Tier 1 Capital	-
Direct and Indirect Investments of the Bank on its own Additional Tier I Capital (-)	-
Investments made by the Bank in equity items issued by banks and financial institutions that invest in the Bank's additional core capital items and meeting the conditions specified in Article 7 of the Regulation	-
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 (-)	-

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations Related to Consolidated Equity (Continued)

Information on Consolidated Equity Items (Continued):

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)	**11.195.675**
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)	-
Shares of third parties in the contribution capital	
Shares of third parties in the contribution capital (within the scope of Temporary Article 3)	
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 Consolidated 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)	**12.925.735**
Total Tier I Capital and Tier II Capital (Total Equity)	-
Loans Granted against the Articles 50 and 51 of the Banking Law	-
Net Book Values of Movables and Immovable Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-
Other items to be Defined by the BRSA	-
Items to be Deducted from the Sum of Tier I and Tier II Capital (Capital) During the Transition Period	**231.407**
The Portion of Total of Net Long Positions of the Investments in Equity Items of 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 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 Consolidated 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 Consolidated 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	-

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations Related to Consolidated Equity (Continued)

Information on Consolidated Equity Items (Continued):

CAPITAL	
Total Capital (Total of Tier I Capital and Tier II Capital)	12.925.735
Total Risk Weighted Assets	77.598.352
CAPITAL ADEQUACY RATIOS	
Consolidated CET1 Capital Ratio (%)	8,65
Consolidated Tier I Capital Ratio (%)	14,43
Capital Adequacy Ratio (%)	16,66
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 Consolidated 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 Consolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital	-
Remaining Mortgage Servicing Rights	-
Net Deferred Tax Assets arising from Temporary Differences	-
Limits for Provisions Used in Tier II Capital Calculation	-
General Loan Provisions for Exposures in Standard Approach (before limit of one hundred and twenty five per ten thousand)	612.600
General Loan Provisions for Exposures in Standard Approach Limited by 1,25% of Risk Weighted Assets	612.600
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach	387.505
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	-

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations Related to Consolidated Equity (Continued)

Explanations on the reconciliation of consolidated capital items to balance sheet:

Current Period (31.12.2023)	**Balance Sheet Value**	**Amount of Adjustment**	**Value at Capital Report**
1.Paid-in-Capital	2.500.000	206.074	2.706.074
2.Capital Reserves	210.112	(206.074)	4.038
2.1. Share Premium	4.038	-	4.038
2.2. Share Cancellation Profits	-	-	-
2.3. Other Capital Reserves	206.074	(206.074)	-
3.Accumulated Other Comprehensive Income or Loss that will not be Reclassified to Profit or Loss	(506)	-	(506)
4. Accumulated Other Comprehensive Income or Loss that will be Reclassified to Profit or Loss	160.336	58.839	219.175
5.Profit Reserves	3.969.773	-	3.969.773
6.Profit or Loss	4.042.957	-	4.042.957
6.1. Prior Periods' Profit/(Loss)	289	-	289
6.2. Current Period Profit/(Loss)	4.042.668	-	4.042.668
Deductions from Common Equity Tier I Capital (-)	-	(358.295)	(358.295)
Common Equity Tier I Capital	**10.882.672**	**(299.456)**	**10.583.216**
Subordinated Loans	-	6.384.375	6.384.375
Deductions from Tier I capital (-)	-	-	-
Tier I Capital	**10.882.672**	**6.084.919**	**16.967.591**
Subordinated Loans	-	1.827.616	1.827.616
General Provisions	-	967.062	967.062
Deductions from Tier II capital (-)	-	-	-
Tier II Capital	**-**	**2.794.678**	**2.794.678**
Deductions from Total Capital (-)	-	-	-
Total	**10.882.672**	**8.879.597**	**19.762.269**

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations Related to Consolidated Equity (Continued):

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

Prior Period (31.12.2022)	**Balance Sheet Value**	**Amount of Adjustment**	**Value at Capital Report**
1.Paid-in-Capital	2.500.000	206.074	2.706.074
2.Capital Reserves	210.112	(206.074)	4.038
2.1. Share Premium	4.038	-	4.038
2.2. Share Cancellation Profits	-	-	-
2.3. Other Capital Reserves	206.074	(206.074)	-
3.Accumulated Other Comprehensive Income or Loss that will not be Reclassified to Profit or Loss	(506)	-	(506)
4. Accumulated Other Comprehensive Income or Loss that will be Reclassified to Profit or Loss	164.608	68.266	232.874
5.Profit Reserves	2.277.957	1.171	2.279.128
6.Profit or Loss	1.701.569	(1.171)	1.700.398
6.1. Prior Periods' Profit/(Loss)	1.171	(1.171)	-
6.2. Current Period Profit/(Loss)	1.700.398	-	1.700.398
Deductions from Common Equity Tier I Capital (-)	-	(212.786)	(212.786)
Common Equity Tier I Capital	**6.853.740**	**(144.520)**	**6.709.220**
Subordinated Loans	-	4.486.455	4.486.455
Deductions from Tier I capital (-)	-	-	-
Tier I Capital	**6.853.740**	**4.341.935**	**11.195.675**
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	**6.853.740**	**6.071.995**	**12.925.735**

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations Related to Consolidated Equity (Continued):

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

Current Period (31.12.2023)	
Issuer-Loan supplier	Bank / Republic of Türkiye Ministry of Treasury and Finance
Identifier (CUSIP, ISIN etc.)	-
Governing law (s) of the instrument	BRSA
Regulatory treatment	
Subject to 10% deduction as of 1/1/2015	No
Eligible on unconsolidated and /or consolidated basis	Unconsolidated and Consolidated
Instrument type	Loan
Amount recognized in regulatory capital (Currency in TL million, as of most recent reporting date)	1.828
Nominal value of instrument (TL million)	1.828
Accounting classification of the instrument	Liabilities Subordinated Loan
Original date of issuance	31.12.2018
Maturity structure of the instrument (perpetual/dated)	Perpetual
Starting maturity of the instrument	-
Issuer call subject to prior supervisory (BRSA) approval	Yes
Call option dates, conditioned call dates and call amount	-
Subsequent call dates, if applicable	-
Interest / dividend payments	
Fixed or floating coupon/dividend payments	-
Interest rate and related index value	-
Existence of any dividend payment restriction	-
Fully discretionary, partially discretionary or mandatory	-
Existence of step up or other incentive to redeem	-
Noncumulative or cumulative	-
Convertible into equity shares	
If convertible, conversion trigger(s)	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, type of instrument convertible into	-
If convertible, issuer of instrument to be converted into	-
Write-down feature	
If bonds can be written down, write down trigger(s)	-
If bond can be written-down, full or partial	-
If bond can be written-down, permanent or temporary	-
If temporary write-down, description of write-up mechanism	-
Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument)	After borrowings, before the additional capital, same as Tier II Capital
In compliance with article number 7 and 8 of Regulation on Bank Capital	Complies with the requirements of Article 8 of the Regulation on Equity of Banks.
Details of incompliances with article number 7 and 8 of Regulation on Bank Capital	Complies with the requirements of Article 8 of the Regulation on Equity of Banks.

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations Related to Consolidated Equity (Continued):

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

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations Related to Consolidated Equity (Continued):

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

Current Period (31.12.2023)	
Issuer-Loan supplier	Bank / TWF
Identifier (CUSIP, ISIN etc.)	-
Governing law (s) of the instrument	BRSA
Regulatory treatment	
Subject to 10% deduction as of 1/1/2015	No
Eligible on unconsolidated and /or consolidated basis	Unconsolidated and Consolidated
Instrument type	Loan
Amount recognized in regulatory capital (Currency in TL million, as of most recent reporting date)	4.884
Nominal value of instrument (TL million)	4.884
Accounting classification of the instrument	Liabilities Subordinated Loan
Original date of issuance	24.04.2019
Maturity structure of the instrument (perpetual/dated)	Perpetual
Starting maturity of the instrument	-
Issuer call subject to prior supervisory (BRSA) approval	Yes
Call option dates, conditioned call dates and call amount	25.04.2024 (There is an early payment option after the 5th year)
Subsequent call dates, if applicable	-
Interest / dividend payments	
Fixed or floating coupon/dividend payments	Fixed Interest
Interest rate and related index value	5,08
Existence of any dividend payment restriction	-
Fully discretionary, partially discretionary or mandatory	-
Existence of step up or other incentive to redeem	-
Noncumulative or cumulative	-
Convertible into equity shares	
If convertible, conversion trigger (s)	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, type of instrument convertible into	-
If convertible, issuer of instrument to be converted into	-
Write-down feature	
If bonds can be written-down, write-down trigger(s)	-
If bond can be written-down, full or partial	-
If bond can be written-down, permanent or temporary	-
If temporary write-down, description of write-up mechanism	-
Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument)	After senior creditors and Tier II Capital
In compliance with article number 7 and 8 of Regulation on Bank Capital	Complies with the requirements of Article 7 of the Regulation on Equity of Banks.
Details of incompliances with article number 7 and 8 of Regulation on Bank Capital	Complies with the requirements of Article 7 of the Regulation on Equity of Banks.

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations Related to Consolidated Equity (Continued):

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

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations Related to Consolidated Equity (Continued):

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

Current Period (31.12.2023)	
Issuer	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)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations Related to Consolidated Equity (Continued):

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

Prior Period (31.12.2022)	
Issuer-Loan supplier	Bank / TWF
Identifier (CUSIP, ISIN etc.)	-
Governing law (s) of the instrument	BRSA
Regulatory treatment	
Subject to 10% deduction as of 1/1/2015	No
Eligible on unconsolidated and /or consolidated basis	Unconsolidated and Consolidated
Instrument type	Loan
Amount recognized in regulatory capital (Currency in TL million, as of most recent reporting date)	1.500 (in 3 tranches)
Nominal value of instrument (TL million)	1.500 (in 3 tranches)
Accounting classification of the instrument	Liabilities 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)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations Related to Consolidated Credit Risk

Credit risk refers to the possibility of losses that the Parent Bank may incur due to the loan customer's inability to fulfill its obligations partially or completely on time by not complying with the requirements of the concluded contract. The Bank ensures that credit risk is managed in accordance with the volume, nature and complexity of its loans within the framework of the legal regulations and restrictions of the BRSA, taking into account the best practices.

The most basic banking service that the Parent Bank uses to finance medium and long term investments, which is its main function, is "project evaluation-based lending activity". Taking into account the proportional size within the balance sheet structure, credit risk constitutes the most important risk item of the Bank.

The general principle of the risk policies to be followed by the Parent Bank is to specialize in the activities that are in accordance with the tasks, vision and structure determined by the Establishment Law, to take risks that can be defined, controlled and/or managed in this sense, to make an effort not to take risks other than the risks that occur due to the structure of its activities and are inevitable. Based on the basic principle of ensuring that the risks to be taken in this context are also defined and manageable risks, the Bank has only manageable risks depending on the sensitivity shown to ensure that credit facilities are compatible with the credit source conditions, except for the credit risk and counterparty risk that occur and are unavoidable due to the need for lending.

In the Parent 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 Evaluation 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.

The majority of the Parent Bank's loan placements are allocated with the approval of the Credit Evaluation Committee and the Board of Directors in accordance with the reports prepared by the Financial Analysis and Valuation Unit and the Credit Allocation Unit in accordance with the relevant legal regulations. Since the Bank's placements are in the form of project financing, the amount of loans that can be extended to a company is mainly determined as a result of project evaluation studies, and loan disbursements are made in a controlled manner and by monitoring expenditures.

As for the companies that have been granted loans by the Parent Bank, whose loans have been postponed or connected to the payback plan, the financial data of the companies are regularly monitored until the collection and liquidation of the risk is completed. For companies whose risk exceeds a certain amount or where there is a need for on-site inspection, inspection and determination are carried out both at the company headquarters and at the site of the facility. A Monitoring Report is being prepared, including the recommendations developed as a result of the reviews and evaluations.

The credit worthiness of the borrowers of loans and other receivables is monitored regularly in accordance with the relevant legislation, and in case of an increase in the risk level of the loan borrower, the credit limits are reviewed and additional collateral is obtained if necessary.

In the utilization of the provided resources, the sectors suitable for the borrowing conditions are determined and credited. By monitoring the sectoral distribution of loan customers, this distribution is taken into account in placement decisions and goals.

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations Related to Consolidated Credit Risk (Continued)

The Parent Bank ensures that credit risk is managed in accordance with the volume, nature and complexity of its loans within the framework of the legal regulations and restrictions of the BRSA, taking into account the best practices. The Bank provides the identification, measurement and management of the credit risks contained in all of its products and activities, without being limited to credit products only. The issue of whether the credit decision support systems are compatible with the structure, size and complexity of the Parent Bank's activities is constantly reviewed, developed and adjustments are made to the system when necessary by the Board of Directors.

The Parent Bank is registered under Article 54 of the Banking Law No. 5411. it is not subject to the general credit restrictions defined in the article. However, in the Bank's “Loans Policy” and “Risk Limits and Application Principles” documents, it has defined loan restrictions parallel to the restrictions contained in the law. In order to determine the level of credit risk that the Bank may face, the Risk Management Unit actively participates in the measurement, analysis and monitoring process and regularly reports to the Board of Directors and the Audit Committee to Senior Management.

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

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

Futures and other derivative product transactions are carried out at the Bank within the framework of asset-liability management, taking into account the legal limits. The credit risk assumed due to such transactions is managed together with the potential risks arising from market movements. There is no option agreement in the Parent Bank.

In accordance with the TFRS 9 Policy approved by the Board of Directors, the Bank allocates provisions as stipulated in the “Regulation on the Classification of Loans and the Procedures and Principles Related to the Provisions to be Allocated for Them” and the “Communiqué on the Turkish Financial Reporting Standard for TFRS 9 Financial Instruments”.

Risk Categories	Current Period (31.12.2023)		Prior Period (31.12.2022)	
	Risk Amount(*)	Average Risk Amount	Risk Amount(*)	Average Risk Amount
Conditional and unconditional receivables to central governments or central banks	15.426.669	14.233.890	13.222.381	9.948.065
Conditional and unconditional receivables to banks and brokerage houses	32.061.878	33.547.570	32.526.920	23.288.479
Conditional and unconditional corporate receivables	77.072.807	64.164.312	48.447.222	40.105.893
Conditional and unconditional retail receivables	-	-	-	-
Conditional and unconditional receivables secured by real estate property	2.777.807	1.843.164	1.221.755	949.699
Overdue receivables	319.302	323.958	326.553	375.174
Receivables defined in high risk category by BRSA	-	-	-	-
Receivables as a collective investment establishment	228.491	174.264	135.407	178.563
Other receivables	606.148	449.655	439.338	315.530

(*) 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 Parent Bank 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.

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations Related to Consolidated Credit Risk (Continued)

Since the Parent 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.

a) The share of the Parent Bank’s receivables from the first 100 and 200 cash loan customers in the total cash loan portfolio is 86,60% and 98,02%, respectively (31 December 2022: 88,03% and 98,19%).

b) The share of cash and non-cash receivables from the Parent Bank's first 100 and 200 loan customers in total on-balance sheet and off-balance sheet assets is 55,61% and 62,50%, respectively (31 December 2022: 59,34% and 65,81%).

c) The share of the Parent Bank’s receivables from the first 100 and 200 non-cash loan customers in the total non-cash loan portfolio is 100% (31 December 2022: 100%).

The allocated expected credit loss provision for 1. and 2. Stage is TL 892.314 (31 December 2022: TL 539.816).

The expected loss provisions were not taken into account in the calculation of the above-mentioned ratios.

Profile of Significant Risks in Important Regions

	Risk Categories (***)							
	Conditional and Unconditional Receivables from Central Governments or Central Banks	Conditional and Unconditional Receivables from 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 Investments	Other Receivables
Current Period (31.12.2023)								
Domestic	15.426.669	31.989.834	77.072.807	2.777.807	319.302	-	-	-
European Union (EU) Countries	-	12	-	-	-	-	228.491	-
OECD Countries (*)	-	72.032	-	-	-	-	-	-
Off-Shore Banking Regions	-	-	-	-	-	-	-	-
USA, Canada	-	-	-	-	-	-	-	-
Other Countries	-	-	-	-	-	-	-	-
Associates, Subsidiaries and Joint –Ventures	-	-	-	-	-	-	-	10.586
Unallocated Assets (**)	-	-	-	-	-	-	-	595.562
Total	**15.426.669**	**32.061.878**	**77.072.807**	**2.777.807**	**319.302**	**-**	**228.491**	**606.148**
Prior Period (31.12.2022)								
Domestic	13.222.381	32.462.030	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	-	-	-	-	-	-	-	10.586
Unallocated Assets (**)	-	-	-	-	-	-	-	428.752
Total	**13.222.381**	**32.526.920**	**48.447.222**	**1.221.755**	**326.553**	**-**	**135.407**	**439.338**

(*) OECD countries other than EU countries, USA and Canada.
(**) Asset and liability items that can not be allocated on a consistent basis.
(***) Includes risk amounts before the effect of credit risk mitigation but after the credit conversions.

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations Related to Consolidated Credit Risk (Continued)

Risk profile by sectors or counterparties:

Current Period (31 December 2023)	Conditional and Unconditional Receivables from Central Governments or Central Banks	Conditional and Unconditional Receivables from Banks and Brokerage Houses	Conditional and Unconditional Corporate Receivables	Conditional and Non-Conditional Real Estate Mortgage-Secured Receivables	Overdue Receivables	Collective Investment Institution Like Investments	Other Receivables	TL	FC	TOTAL
Agriculture	**-**	**-**	**465.449**	**42.713**	**-**	**-**	**-**	**376.519**	**131.643**	**508.162**
Farming and Stockbreeding	-	-	-	-	-	-	-	-	-	-
Forestry	-	-	39.078	42.713	-	-	-	-	81.791	81.791
Fishery	-	-	426.371	-	-	-	-	376.519	49.852	426.371
Manufacturing	**-**	**-**	**73.358.635**	**2.030.894**	**269.060**	**-**	**-**	**16.999.206**	**58.659.383**	**75.658.589**
Mining and Quarrying	-	-	395.088	-	-	-	-	2.486	392.602	395.088
Production	-	-	28.084.495	1.706.576	112	-	-	13.751.249	16.039.934	29.791.183
Electricity, Gas, Water	-	-	44.879.052	324.318	268.948	-	-	3.245.471	42.226.847	45.472.318
Construction	**-**	**-**	**492.905**	**517.724**	**-**	**-**	**-**	**908.459**	**102.170**	**1.010.629**
Services	**15.426.669**	**32.061.878**	**2.755.818**	**186.476**	**50.242**	**228.491**	**606.148**	**30.572.274**	**20.743.448**	**51.315.722**
Wholesale and Retail Trade	-	-	-	-	-	-	-	-	-	-
Accommodation and Dining	-	4	999.876	171.530	50.242	-	-	432.835	788.817	1.221.652
Transportation and Telecommunication	-	-	819.344	-	-	-	-	161.412	657.932	819.344
Financial Institutions	15.426.669	32.061.874	609.260	-	-	228.491	606.148	29.966.638	18.965.804	48.932.442
Real Estate and Rental Services	-	-	-	-	-	-	-	-	-	-
Professional Services	-	-	-	-	-	-	-	-	-	-
Educational Services	-	-	70.040	14.946	-	-	-	11.389	73.597	84.986
Health and Social Services	-	-	257.298	-	-	-	-	-	257.298	257.298
Others	-	-	-	-	-	-	-	-	-	-
Total	**15.426.669**	**32.061.878**	**77.072.807**	**2.777.807**	**319.302**	**228.491**	**606.148**	**48.856.458**	**79.636.644**	**128.493.102**

There are no balances in the following classes.
2-Conditional and unconditional receivables from regional or local governments
3- Conditional and unconditional receivables from administrative units and non-commercial enterprises
4- Conditional and unconditional receivables from multilateral development banks
5- Conditional and unconditional receivables from international organizations
8- Conditional and unconditional retail receivables
11-Receivables determined to be high risk by the Board
12-Mortgage secured securities
13-Securitization positions
14-Short-term receivables from banks and intermediary institutions and short-term corporate receivables
16-Stock Investments

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations Related to Consolidated Credit Risk (Continued)

Risk profile by sectors or counterparties:

Prior Period (31 December 2022)	Conditional and Unconditional Receivables from Central Governments or Central Banks	Conditional and Unconditional Receivables from Banks and Brokerage Houses	Conditional and Unconditional Corporate Receivables	Conditional and Non-Conditional Real Estate Mortgage-Secured Receivables	Overdue Receivables	Collective Investment Institution Like Investments	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	32.526.920	2.152.543	361.618	-	135.407	439.339	23.134.130	25.704.078	48.838.208
Wholesale and Retail Trade	-	-	-	-	-	-	-	-	-	-
Accommodation and Dining	-	5	1.340.409	214.421	-	-	-	464.848	1.089.987	1.554.835
Transportation and Telecommunication	-	-	95.978	-	-	-	-	95.978	-	95.978
Financial Institutions	13.222.381	32.526.915	441.565	125.398	-	135.407	439.339	22.554.553	24.336.452	46.891.005
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**	**32.526.920**	**48.447.222**	**1.221.755**	**326.553**	**135.407**	**439.339**	**32.391.150**	**63.928.427**	**96.319.577**

There are no balances in the following classes.
2-Conditional and unconditional receivables from regional or local governments
3- Conditional and unconditional receivables from administrative units and non-commercial enterprises
4- Conditional and unconditional receivables from multilateral development banks
5- Conditional and unconditional receivables from international organizations
8- Conditional and unconditional retail receivables
11-Receivables determined to be high risk by the Board
12-Mortgage secured securities
13-Securitization positions
14-Short-term receivables from banks and intermediary institutions and short-term corporate receivables
16-Stock Investment

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations Related to Consolidated Credit Risk (Continued)

Analysis of Maturity-Bearing Risks According to Remaining Maturities

Risk Categories Current Period (31.12.2023)	Term to Maturity						
	One Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Non-Maturity	Total
Contingent and non-contingent receivables from central governments or central banks	299.212	-	6.521.205	976.671	7.300.414	329.167	15.426.669
Contingent and non-contingent receivables from banks and brokerage institutions	17.147.732	4.379.716	1.791.284	1.852.639	5.632.450	1.258.057	32.061.878
Contingent and non-contingent corporate receivables	954.052	3.520.489	3.658.011	8.090.808	60.849.447	-	77.072.807
Receivables secured by real estate mortgage with and without conditions	36.646	135.225	137.205	310.774	2.157.958	-	2.777.807
Receivables overdue for collection	-	-	-	-	-	319.302	319.302
Investments in the nature of a collective investment organization	-	-	-	-	-	228.491	228.491
Other receivables	-	-	-	-	-	606.148	606.148
Total	**18.437.642**	**8.035.430**	**12.107.704**	**11.230.892**	**75.940.269**	**2.741.165**	**128.493.102**

Risk Categories Prior Period (31.12.2022)	Term to Maturity						
	One Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Non-Maturity	Total
Contingent and non-contingent receivables from central governments or central banks	344.746	903.261	1.598.141	816.145	9.472.611	87.477	13.222.381
Contingent and non-contingent receivables from banks and brokerage institutions	16.162.408	1.146.312	316.654	8.525.473	5.408.235	967.838	32.526.920
Contingent and non-contingent corporate receivables	525.467	1.885.867	2.540.116	5.139.581	38.356.191	-	48.447.222
Receivables secured by real estate mortgage with and without conditions	13.963	50.111	67.496	134.992	955.193	-	1.221.755
Receivables overdue for collection	-	-	-	-	-	326.554	326.554
Investments in the nature of a collective investment organization	-	-	-	-	-	135.407	135.407
Other receivables	-	-	-	-	-	439.338	439.338
Total	**17.046.584**	**3.985.551**	**4.522.407**	**14.616.191**	**54.192.230**	**1.956.614**	**96.319.577**

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.

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations Related to Consolidated Credit Risk (Continued)

Credit Risk by Risk Weights - Standard Approach(*)

Current Period (31.12.2023) Risk Weights	0%	2%	10%	20%	25%	35%	50%	75%	100%	200%	250%	Other Risk Weights	Deductions from Equity
Before Credit Risk Mitigation	9.095.069	244.686	-	15.219.014	-	51.762	7.922.062	-	95.960.509	-	-	-	32.252
After Credit Risk Mitigation	9.095.069	244.686	-	15.219.014	-	51.762	13.181.873	-	90.700.698	-	-	-	-

(*) Excluding counterparty credit risk and securitization positions

Prior Period (31.12.2022) Risk Weights	0%	2%	10%	20%	25%	35%	50%	%75	100%	200%	250%	Other Risk Weights	Deductions from Equity
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	-	-	-	-

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations Related to Consolidated Credit Risk (Continued)

Miscellaneous Information According to Important Sectors or Counterparty Type:

The Parent Bank classifies its loans and allocates provisions within the framework of TFRS 9 Policy approved by the Board of Directors. In this context, for impaired loans the Bank calculates lifetime expected credit loss and reflects it as provision when the credit risk of the loan has not yet gone into default but has increased significantly from the date of disbursement (Stage 2) and in case of default (Stage 3).

The Bank has determined the "Significant Increase in Credit Risk" and "Classification" criteria in the TFRS 9 Provisions Methodology document approved by the Board of Directors, and its loans are classified and provisions are set aside in line with these criterias.

Current Period (31.12.2023) Major Sectors / Counter Parties	Loans		Provisions
	Impaired Loans (TFRS 9)		
	Significant Increase in Credit Risk (Stage 2)	Default (Stage 3)	Expected Credit Loss Provisions (TFRS 9)
Agriculture	**-**	**-**	**-**
Farming and Stockbreeding	-	-	-
Forestry	-	-	-
Fishery	-	-	-
Manufacturing	**3.130.758**	**751.728**	**745.794**
Mining and Quarrying	-	-	-
Production	459.682	6.403	8.021
Electricity, Gas and Water	2.671.076	745.325	737.773
Construction	**-**	**-**	**-**
Services	**271.652**	**95.220**	**49.572**
Wholesale and Retail Trade	-	-	-
Accommodation and Dining	76.964	91.756	45.914
Transportation and Telecommunication	-	-	-
Financial Institutions	-	-	-
Real Estate and Rental Services	-	-	-
Professional Services	-	-	-
Educational Services	37.015	-	7
Health and Social Services	157.673	3.464	3.651
Others	**-**	**1.134**	**1.134**
Total	**3.402.410**	**848.082**	**796.500**

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations Related to Consolidated Credit Risk (Continued)

Miscellaneous Information According to Important Sectors or Counterparty Type (Continued)

	Loans		Provisions
	Impaired Loans (TFRS 9)		
Prior Period (31.12.2022) Major Sectors / Counter Parties	Significant Increase in Credit Risk (Stage 2)	Default (Stage 3)	Expected Credit Loss Provisions (TFRS 9)
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**

Information on Movements in Value Adjustments and Provisions:

Current Period (31.12.2023)	Opening Balance	Provision for Period	Provision Reversals	Other Adjustments	Closing Balance
1. Stage 3 Provisions	567.821	42.357	(81.398)	-	528.780
2. Stage 1 and 2 Provisions	613.635	365.936	(10.962)	-	968.609

Prior 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

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

III. Explanations Related to Consolidated Currency Risk :

The Parent 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 Parent 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 currency risk faced by the Parent 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 currency risks (including foreign currency-indexed assets and liabilities).

The Parent 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 Parent Bank is determined based on the Foreign Currency Net General Position/Equity ratio determined by the BRSA. The limit of the ratio has been determined as 10% effective from the decision date, as of the BRSA's decision dated 9 March 2023 and numbered 10534.

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

Date	USD	EURO	100 JPY
29/12/2023	29,4151	32,5625	20,8840
28/12/2023	29,4164	32,6846	20,8538
27/12/2023	29,3699	32,4302	20,6409
26/12/2023	29,2649	32,2587	20,5975
25/12/2023	29,0385	31,9714	20,4338

The simple arithmetic average value of the Bank's foreign exchange purchase rate for the last thirty days from the date of the financial statements is US Dollar: TL 29,0531, Euro: TL 31,7366, CHF: TL 33,6787.

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

III. Explanations Related to Consolidated Currency Risk (Continued):

Information on the currency risk of the Parent Bank:

Current Period (31.12.2023)	**EURO**	**USD**	**Other FC(*)**	**Total**
Assets				
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of the Republic of Türkiye	-	-	-	-
Banks	244.697	924.317	1.995	1.171.009
Financial assets measured at fair value through profit or loss	228.437	44.202	-	272.639
Money market placements	-	-	-	-
Financial assets measured at fair value through other comprehensive income	4.347.464	9.752.648	-	14.100.112
Loans	22.943.971	41.881.056	-	64.825.027
Subsidiaries, associates and jointly controlled entities (joint ventures)	-	-	-	-
Financial assets measured at amortised cost	6.513.924	60.447	-	6.574.371
Derivative financial assets held for trading	-	188		188
Tangible assets	-	-	-	-
Intangible assets	-	-	-	-
Other assets	49.914	109.550	-	159.464
Total assets	**34.328.407**	**52.772.408**	**1.995**	**87.102.810**

Liabilities				
Interbank deposits	-	-	-	-
Foreign currency deposits	-	-	-	-
Money market borrowings	-	-	-	-
Funds provided from other financial institutions	25.060.718	56.028.109	-	81.088.827
Securities issued	3.321.427	-	-	3.321.427
Subordinated debt instruments	7.865.824	-	-	7.865.824
Sundry creditors	66.354	278.659	-	345.013
Derivative financial liabilities held for trading	-	3.104	-	3.104
Other liabilities	740.316	1.931.525	-	2.671.841
Total liabilities	**37.054.639**	**58.241.397**	**-**	**95.296.036**

Net balance sheet position	(2.726.232)	(5.468.989)	1.995	(8.193.226)
Net off-balance sheet position	3.239.969	8.729.321	-	11.969.290
Assets on derivative instruments	3.239.969	6.794.888	-	10.034.857
Liabilities on derivative instruments	-	1.934.433	-	1.934.433
Non-cash loans	2.353.770	2.315.646	-	4.669.416

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

(*) The foreign currencies presented in the other FC column of assets comprise 19% GBP, 64% CHF and 17% JPY.

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

III. Explanations Related to Consolidated Currency Risk (Continued):

Currency Risk Sensitivity:

The table below shows the Bank's sensitivity to the 10% change in the US Dollar and Euro exchange rates.

	Increase in Exchange Rates	Effect on Profit/Loss (*)		Effect on Shareholders' Equity	
	%	Current Period (31.12.2023)	Prior Period (31.12.2022)	Current Period (31.12.2023)	Prior Period (31.12.2022)
USD	10	319.029	2.578	981.130	287.469
EURO	10	49.643	23.063	414.765	229.241
Other	10	200	128	-	-

(*) It refers to the values before the tax effect is deducted.

	Increase in Exchange Rates	Effect on Profit/Loss (*)		Effect on Shareholders' Equity	
	%	Current Period (31.12.2023)	Prior Period (31.12.2022)	Current Period (31.12.2023)	Prior Period (31.12.2022)
USD	10	(319.029)	(2.578)	(981.130)	(287.469)
EURO	10	(49.643)	(23.063)	(414.765)	(229.241)
Other	10	(200)	(128)	-	-

(*) It refers to the values before the tax effect is deducted.

IV. Explanations Related to Consolidated Interest Rate Risk:

Interest rate risk refers to the probability of losses that the Bank may incur due to movements in interest rates, depending on the position status of financial instruments. Changes in interest rates affect the level of return on assets and the cost of liabilities. The interest rate risk arising from banking accounts includes repricing risk, yield curve risk, base risk and optionality risk.

Interest rates determined by market actors, especially central banks, have a decisive role on the economic value of the Parent Bank's balance sheet and the Bank's income-expense balance. Sudden interest rate shocks in the market causes the gap between the interest rate applied to the Parent Bank's yielding assets and the interest rate paid to the cost-effective liabilities to be opened. The opening of this interest rate gap may cause the Parent Bank's interest income to be negatively affected by fluctuations in market rates and the Bank's profitability to decrease.

The Parent 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. Considering that almost the entire loan portfolio consists of variable-rate loans and is financed by borrowing, changes in borrowing costs are reflected in variable-rate loans, and the other loans are financed by Bank equity, it is unlikely that there will be interest rate risk due to interest rate changes.

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

IV. Explanations Related to Consolidated Interest Rate Risk (Continued)

Within the framework of the Parent 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.

Based on the statutory 20% rate of "The Standard Ratio of Interest Rate Risk Due to Banking Book" determined by the BRSA for 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 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).

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

IV. Explanations Related to Consolidated Interest Rate Risk (Continued):

End of the Current Period (31.12.2023)	Up to 1 Month	1–3 Months	3–12 Months	1–5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of the Republic of Türkiye [(1)]	-	-	-	-	-	2.560	2.560
Banks [(1)]	4.844.282	10.088	-	-	-	80.879	4.935.249
Financial assets measured at fair value through profit or loss	-	-	-	-	-	591.455	591.455
Money market placements	17.034.644	-	-	-	-	-	17.034.644
Financial assets measured at fair value through other comprehensive income [(3)]	1.203.398	1.904.250	6.601.145	5.435.363	58.097	18.362	15.220.615
Loans [(2)]	17.718.666	20.026.577	14.619.345	7.899.191	22.154.533	319.302	82.737.614
Financial assets measured at amortised cost	65.857	-	8.201.445	2.431.941	3.774.223	-	14.473.466
Other assets [(4)]	65.715	-	-	-	-	638.368	704.083
Total Assets [(5)]	**40.932.562**	**21.940.915**	**29.421.935**	**15.766.495**	**25.986.853**	**1.650.926**	**135.699.686**
Liabilities							
Interbank deposits	-	-	-	-	-	-	-
Other deposits	-	-	-	-	-	-	-
Money market borrowings	2.874.989	-	-	-	-	-	2.874.989
Miscellaneous payables	-	-	-	-	-	373.726	373.726
Marketable securities issued	-	-	4.176.377	-	-	-	4.176.377
Funds provided from other financial institutions	7.092.461	28.630.222	33.411.641	7.594.593	24.706.324	-	101.435.241
Other liabilities [(4)] [(6)]	472.047	-	6.038.208	-	3.712.899	16.616.199	26.839.353
Total Liabilities	**10.439.497**	**28.630.222**	**43.626.226**	**7.594.593**	**28.419.223**	**16.989.925**	**135.699.686**
Long position on balance sheet	30.493.065	-	-	8.171.902	-	-	38.664.967
Short position on balance sheet	-	(6.689.307)	(14.204.291)	-	(2.432.370)	(15.338.999)	(38.664.967)
Long position on off-balance sheet	-	-	-	-	-	-	-
Short position on off-balance sheet	-	(33.007)	(37.771)	-	-	-	(70.778)
Total Position	30.493.065	(6.722.314)	(14.242.062)	8.171.902	(2.432.370)	(15.338.999)	(70.778)

(1) Balances without maturity are shown in 'Non-interest Bearing' column.
(2) Net balance of non-performing loans is shown in 'Non-interest Bearing' column.
(3) Securities representing share in capital are shown in 'Non-interest Bearing' column.
(4) Deferred tax asset, shareholders' equity and other non-interest-bearing assets and liabilities are shown in 'Non-Interest Bearing' column.
(5) The expected credit losses for financial assets and other assets are reflected to the related items.
(6) Subordinated loans are shown in the "Other Liabilities" line.

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

IV. Explanations Related to Consolidated Interest Rate Risk (Continued):

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

End of the Prior Period (31.12.2022)	Up to 1 Month	1–3 Months	3–12 Months	1–5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of the Republic of Türkiye [(1)]	-	-	-	-	-	835	835
Banks [(1)]	8.675.865	-	-	-	-	68.764	8.744.629
Financial assets measured at fair value through profit or 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	647.218	4.622.130	2.310.595	-	7.663.560
Other assets [(4)]	31.094	-	-	-	-	460.608	491.702
Total Assets [(5)]	**39.908.564**	**12.865.135**	**10.022.199**	**13.070.042**	**14.670.091**	**1.163.765**	**91.699.796**
Liabilities							
Interbank deposits	-	-	-	-	-	-	-
Other deposits	-	-	-	-	-	-	-
Money market borrowings	2.945.163	-	-	-	-	-	2.945.163
Miscellaneous payables	-	-	-	-	-	335.061	335.061
Marketable securities issued	103.023	-	2.018.433	-	-	-	2.121.456
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)]	245.608	-	-	3.528.830	2.301.046	11.515.711	17.591.195
Total Liabilities	**11.389.089**	**17.337.135**	**25.809.224**	**10.175.205**	**15.138.371**	**11.850.772**	**91.699.796**
Long position on balance sheet	28.519.475	-	-	2.894.837	-	-	31.414.312
Short position on balance sheet	-	(4.472.000)	(15.787.025)	-	(468.280)	(10.687.007)	(31.414.312)
Long position on off-balance sheet	8.811	167	2.215	-	-	-	11.193
Short position on off-balance sheet	-	-	-	-	-	-	-
Total Position	**28.528.286**	**(4.471.833)**	**(15.784.810)**	**2.894.837**	**(468.280)**	**(10.687.007)**	**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.

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

IV. Explanations Related to Consolidated Interest Rate Risk (Continued):

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

End of the Current Period (31.12.2023)	EURO	USD	JPY	TL
Assets (*)				
Cash (Cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of the Republic of Türkiye	-	-	-	-
Banks	4,00	5,60	-	44,16
Financial assets measured at fair value through profit or loss	-	-	-	-
Money market placements	-	-	-	43,48
Financial assets measured at fair value through other comprehensive income	4,55	7,58	-	49,52
Loans	7,19	8,74	-	17,58
Other financial assets measured at amortised cost(**)	4,62	7,68	-	50,76
Liabilities (*)				
Interbank deposits	-	-	-	-
Other deposits	-	-	-	-
Money market borrowings	-	-	-	40,57
Miscellaneous payables	-	-	-	-
Marketable securities issued	7,50	-	-	-
Funds accepted by development and investment banks	0,86	4,53	-	43,07
Funds provided from other financial institutions(***)	3,86	6,43	-	20,94

(*) Ratios shown in the table are calculated by using annual interest rates.
(**) The majority of the TL portfolio consists of CPI indexed securities.
(***) Funds from other financial institutions also include subordinated loans.

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

(*) Ratios shown in the table are calculated by using annual interest rates.
(**) The majority of the TL portfolio consists of CPI indexed securities.
(***) Funds from other financial institutions also include subordinated loans.

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

V. Explanations Related to Position Risk of Equity Securities:

None.

VI. Explanations Related to Consolidated Liquidity Risk Management and Liquidity Coverage Ratio:

1. Explanations on Consolidated Liquidity Risk Management

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

The type, maturity structure and compliance of interest rates of assets and liabilities in the balance sheet, is assured within the framework of the Asset Liability Committee's decisions. The Parent 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 Parent 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 Parent 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 Parent 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 Parent Bank's reputation. In the liquidity risk management of the Parent Bank, the limitations within the scope of the relevant regulations of the BRSA and the internal risk limits determined within the framework of the Parent 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.

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

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

1. Consolidated 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 Parent 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. Consolidated 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 consolidated foreign currency and total liquidity coverage ratios are shown below by specified weeks:

	Liquidity Coverage Ratio(Weekly Consolidated)							
	Current Period (31.12.2023)				**Prior Period (31.12.2022)**			
	FC	Date	FC+TL	Date	FC	Date	FC+TL	Date
Maximum (%)	117,72	13.10.2023	221,03	22.12.2023	95,22	04.11.2022	152,76	18.11.2022
Minimum (%)	100,00	29.12.2023	155,57	17.11.2023	53,44	01.10.2022	91,69	14.10.2022

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

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

2. Consolidated liquidity coverage ratio (Continued)

	Rate of "Percentage to be Taken into Account" not Implemented Total Value(*)		Rate of "Percentage to be Taken into Account" Implemented Total Value(*)	
Current Period (31.12.2023)	**TL+FC**	**FC**	**TL+FC**	**FC**
HIGH-QUALITY LIQUID ASSETS				
Total high-quality liquid assets (HQLA)	-	-	9.568.250	2.086.010
CASH OUTFLOWS				
Retail and small business customers deposits	-	-	-	-
Stable deposits	-	-	-	-
Less stable deposits	-	-	-	-
Unsecured funding other than retail and small business customers deposits	2.357.373	1.281.672	1.742.637	850.395
Operational deposits	-	-	-	-
Non-operational deposits	-	-	-	-
Other unsecured funding	2.357.373	1.281.672	1.742.637	850.395
Secured funding			-	-
Other cash outflows	13.579.842	3.362.515	13.579.842	3.362.515
Liquidity needs related to derivatives and market valuation changes on derivatives transactions	13.579.842	3.362.515	13.579.842	3.362.515
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	8.575.584	6.507.942	428.779	325.397
Other irrevocable or conditionally revocable commitments	3.717.856	3.634.846	3.717.782	3.634.772
TOTAL CASH OUTFLOWS	-	-	**19.469.040**	**8.173.079**
CASH INFLOWS				
Secured receivables	-	-	-	-
Unsecured receivables	22.448.000	2.236.840	21.550.371	1.520.242
Other cash inflows	13.510.672	11.114.670	13.510.672	11.114.670
TOTAL CASH INFLOWS	**35.958.672**	**13.351.510**	**35.061.043**	**12.634.912**
			Upper Limit Applied Amounts	
TOTAL HIGH-QUALITY LIQUID ASSETS			**9.568.250**	**2.086.010**
TOTAL NET CASH OUTFLOWS			**4.867.260**	**2.043.270**
LIQUIDITY COVERAGE RATIO (%)			**196,58**	**102,09**

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

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

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

2. Consolidated liquidity coverage ratio (Continued):

	Rate of "Percentage to be Taken into Account" not Implemented Total Value(*)		Rate of "Percentage to be Taken into Account" Implemented Total Value(*)	
Prior Period (31.12.2022)	**TL+FC**	**FC**	**TL+FC**	**FC**
HIGH-QUALITY LIQUID ASSETS				
Total high-quality liquid assets (HQLA)	-	-	7.427.820	1.824.584
CASH OUTFLOWS				
Retail and small business customers deposits	-	-	-	-
Stable deposits	-	-	-	-
Less stable deposits	-	-	-	-
Unsecured funding other than retail and small business customers deposits	1.438.961	961.280	1.114.019	692.226
Operational deposits	-	-	-	-
Non-operational deposits	-	-	-	-
Other unsecured funding	1.438.961	961.280	1.114.019	692.226
Secured funding			-	-
Other cash outflows	13.096.231	5.804.198	13.096.231	5.804.198
Liquidity needs related to derivatives and market valuation changes on derivatives transactions	13.096.231	5.804.198	13.096.231	5.804.198
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	10.549.522	8.314.445	527.476	415.722
Other irrevocable or conditionally revocable commitments	-	-	-	-
TOTAL CASH OUTFLOWS			**14.737.726**	**6.912.146**
CASH INFLOWS				
Secured receivables	-	-	-	-
Unsecured receivables	11.478.471	1.932.501	14.580.737	1.618.503
Other cash inflows	13.110.272	8.319.064	13.110.272	8.319.064
TOTAL CASH INFLOWS	**24.588.743**	**10.251.565**	**27.691.009**	**9.937.567**
			Upper Limit Applied Amounts	
TOTAL HIGH-QUALITY LIQUID ASSETS			**7.427.820**	**1.824.584**
TOTAL NET CASH OUTFLOWS			**6.214.349**	**2.309.299**
LIQUIDITY COVERAGE RATIO (%)			**119,53**	**79,01**

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

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

3. Explanations related to consolidated liquidity coverage ratio

Significant factors that impact the result of consolidated 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 79,6%. 5,2% of the Bank's total funding consists of funds provided from Ministry of Treasury and Finance, borrowers and banks; 9,4% consists of subordinated debt instruments; 2,3% is provided from money markets and 3,4% consists of securities issued.

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

Derivative transactions of the Parent 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 Parent Bank, whose field of activity is development and investment 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 consolidated liquidity transfer which is needed by the bank itself, its foreign branch and its consolidated subsidiary, and respective liquidity risk.

None.

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VI. Explanations Related to Consolidated 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 (31.12.2023)								
Assets								
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of the Republic of Türkiye	2.560	-	-	-	-	-	-	2.560
Banks	80.879	4.854.370	-	-	-	-	-	4.935.249
Financial assets measured at fair value through profit or loss	591.455	-	-	-	-	-	-	591.455
Money market placements	-	17.034.644	-	-	-	-	-	17.034.644
Financial assets measured at fair value through other comprehensive income	18.362	1.008.924	2.041.897	6.704.831	5.393.772	52.829	-	15.220.615
Loans	-	1.096.619	4.208.343	14.633.137	43.681.197	18.799.016	319.302	82.737.614
Financial assets measured at amortised cost	-	416.652	516.843	7.721.057	2.045.173	3.773.741	-	14.473.466
Other assets	-	65.715	-	-	-	-	638.368	704.083
Total Assets[2]	**693.256**	**24.476.924**	**6.767.083**	**29.059.025**	**51.120.142**	**22.625.586**	**957.670**	**135.699.686**
Liabilities								
Bank deposits	-	-	-	-	-	-	-	-
Other deposits	-	-	-	-	-	-	-	-
Funds provided from other financial institutions	-	4.195.359	2.286.235	17.126.691	32.806.493	45.020.463	-	101.435.241
Money market borrowings	-	2.874.989	-	-	-	-	-	2.874.989
Marketable securities issued	-	-	442.939	477.188	1.221.095	2.035.155	-	4.176.377
Miscellaneous payables	373.726	-	-	-	-	-	-	373.726
Other liabilities[3]	2.437.685	519.310	498.718	6.038.208	-	5.540.515	11.804.917	26.839.353
Total Liabilities	**2.811.411**	**7.589.658**	**3.227.892**	**23.642.087**	**34.027.588**	**52.596.133**	**11.804.917**	**135.699.686**
Liquidity Gap	**-2.118.155**	**16.887.266**	**3.539.191**	**5.416.938**	**17.092.554**	**(29.970.547)**	**(10.847.247)**	**-**
Net Off-Balance Position	**-**	**(33.007)**	**(37.771)**	**-**	**-**	**-**	**-**	**(70.778)**
Derivative Financial Assets	-	10.206.920	809.944	-	-	-	-	11.016.864
Derivative Financial Liabilities	-	10.239.927	847.715	-	-	-	-	11.087.642
Non-Cash Loans	**84.924**	**-**	**-**	**85.965**	**-**	**4.583.451**	**-**	**4.754.340**
Prior Period (31.12.2022)								
Total Assets	**376.602**	**17.455.511**	**4.142.539**	**18.926.001**	**35.106.787**	**14.905.193**	**787.163**	**91.699.796**
Total Liabilities	**3.141.099**	**8.928.706**	**1.072.693**	**12.125.270**	**29.609.847**	**29.516.591**	**7.305.590**	**91.699.796**
Liquidity Gap	**(2.764.497)**	**8.526.805**	**3.069.846**	**6.800.731**	**5.496.940**	**(14.611.398)**	**(6.518.427)**	**-**
Net Off-Balance Position	**-**	**8.811**	**167**	**2.215**	**-**	**-**	**-**	**11.193**
Derivative Financial Assets	-	12.412.300	169.078	58.345	-	-	-	**12.639.723**
Derivative Financial Liabilities	-	12.403.489	168.911	56.130	-	-	-	**12.628.530**
Non-Cash Loans	**72.364**	**-**	**-**	**118.753**	**68.919**	**2.781.425**	**-**	**3.041.461**

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

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

[3] Subordinated loans are shown in the "Other Liabilities" line.

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VI. Explanations regarding consolidated liquidity risk management and liquidity coverage ratio (Continued):

Remaining maturity distribution of contractual financial liabilities:

The following table shows the maturity distribution of the Bank's non-derivative financial liabilities prepared in accordance with the provisions of TFRS 7. The distribution has been prepared based on the earliest dates on which the Bank's liabilities are due to be paid without discounting. The interest payable on these liabilities is included in the table. The recorded values of the related liabilities in the balance sheet do not include these amounts.

Current Period (31.12.2023)	Book Value	Total	Up To 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and above
Liabilities							
Funds from Other Financial Institutions	101.435.241	142.776.682	4.417.162	2.994.934	22.170.089	52.505.376	60.689.121
Debts to Money Markets	2.874.989	2.874.989	2.874.989	-	-	-	-
Issued Securities	4.176.377	5.183.620	-	525.194	494.266	1.820.096	2.344.064
Subordinated Debt Instruments	11.578.723	25.261.806	-	-	6.141.140	-	19.120.666
Total	**120.065.330**	**176.097.097**	**7.292.151**	**3.520.128**	**28.805.495**	**54.325.472**	**82.153.851**

Prior Period (31.12.2022)	Book Value	Total	Up To 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and above
Liabilities							
Funds from Other Financial Institutions	68.706.921	83.584.116	647.044	1.373.229	14.243.937	33.624.196	33.695.710
Debts to Money Markets	2.945.163	2.945.163	2.945.163	-	-	-	-
Issued Securities	2.121.456	2.224.480	-	103.023	-	-	2.121.457
Subordinated Debt Instruments	6.947.336	19.095.563	-	-	-	3.754.938	15.340.625
Total	**80.720.876**	**107.849.322**	**3.592.207**	**1.476.252**	**14.243.937**	**37.379.134**	**51.157.792**

Contractual maturity analysis of the Parent Bank's derivative instruments is as follows:

Current Period (31.12.2023)	Total	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and above
Swap Transactions	11.098.952	10.099.891	999.061	-	-	-

Prior Period (31.12.2022)	Total	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and above
Swap Transactions	12.629.379	12.382.628	188.407	58.344	-	-

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VI. Explanations regarding consolidated liquidity risk management and liquidity coverage ratio (Continued):

Remaining maturity distribution of contractual financial liabilities (Continued)

The following table shows the distribution of the Bank's non-cash loans according to their remaining maturities.

Current Period (31.12.2023)	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and above	Total
Letters of Credit	-	-	-	-	-	-	-
Endorsements	-	-	-	-	-	-	-
Letters of Guarantee	84.924	-	-	85.965	-	3.974.191	4.145.080
Acceptance loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	609.260	609.260
Total	**84.924**	**-**	**-**	**85.965**	**-**	**4.583.451**	**4.754.340**

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

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VII. Explanation Related to Consolidated 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 2023, the Group's leverage ratio calculated from the average of three months is 11,72% (31 December 2022: 11,18%). The reason why the current period leverage ratio is higher than the previous period leverage ratio is that the capital amounts have increased at a higher rate than the total risk amount.

Summary comparison table of total asset amount and total risk amount in consolidated financial statements prepared in accordance with TAS:

		Current Period[1],[2] (31.12.2023)	Prior Period[1],[3] (31.12.2022)
1	The total amount of assets included in the consolidated financial statements issued in accordance with TAS	179.826.057	87.928.741
2	The difference between total assets prepared in accordance with Turkish Accounting Standards and total assets in consolidated financial statements prepared in accordance with the communiqué 'Preparation of Consolidated Financial Statements'	48.719.279	1.774.772
3	The difference between the amounts of derivative financial instruments and credit derivatives in consolidated financial statements prepared in accordance with the communiqué 'Preparation of Consolidated Financial Statements' and risk amounts of such instruments	812.874	993.478
4	The difference between the amounts of securities or commodity financing transactions in consolidated financial statements prepared in accordance with the communiqué 'Preparation of Consolidated Financial Statements' and risk amounts	(2.303.955)	(2.912.289)
5	The difference between the amounts of off-balance items in consolidated financial statements prepared in accordance with the communiqué 'Preparation of Consolidated Financial Statements' and risk amounts of such items	(7.413.630)	(9.736.392)
6	Other differences between the amounts in consolidated financial statements prepared in accordance with the communiqué 'Preparation of Consolidated Financial Statements' and risk amounts of such items	135.074.217	86.623.730
7	**Total risk amount**	**140.996.766**	**94.441.311**

[1] The amounts in the table show the averages of the last nine months of the relevant period.
[2] The current period amount of the consolidated financial statements prepared in accordance with the 6th paragraph of the 5th article of the Communiqué on the Preparation of the Consolidated Financial Statements of Banks has been prepared by using the reviewed financial statements of non-financial corporations dated 30 June 2023.
[3] The previous period amount of the consolidated financial statements prepared in accordance with the 6th paragraph of the 5th article of the Communiqué on the Preparation of the Consolidated Financial Statements of the Banks has been prepared by using the audited financial statements of the non-financial corporations dated 31 December 2022.

On-balance sheet assets (*)	Current Period (31.12.2023)	Prior Period (31.12.2022)
Balance sheet assets (Excluding derivative financial instruments and credit derivatives, including collaterals)	132.072.403	86.593.707
(Assets deducted in determining Tier 1 capital)	-	-
Total balance sheet exposures	132.072.403	86.593.707
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	812.874	993.478
Total derivative financial instruments and loan derivatives exposure	812.874	993.478
Securities financing transaction exposure		
Risk amount of financing transactions secured by marketable security or commodity (excluding on-balance sheet)	1.779.837	2.297.347
Risks from brokerage activities related exposures	-	-
Total risk amount of financing transactions secured by marketable security or commodity	1.779.837	2.297.347
Off-balance sheet items		
Gross notional amounts of off-balance sheet items	13.745.282	14.293.171
(Adjustments for conversion to credit equivalent amounts)	(7.413.630)	(9.736.392)
Total risks of off-balance sheet items	6.331.652	4.556.779
Capital and total risks		
Tier 1 capital	16.519.940	10.560.222
Total risks	140.996.766	94.441.311
Leverage ratio		
Leverage ratio	11,72	11,18

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

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (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 (31.12.2023)	**Prior Period (31.12.2022)**	**Current Period (31.12.2023)**	**Prior Period (31.12.2022)**
Financial Assets	**136.431.799**	**92.334.750**	**136.974.963**	**92.748.206**
Money markets placements	17.046.025	6.634.417	17.046.025	6.634.417
Banks	4.939.659	8.758.005	4.939.659	8.757.978
Financial assets measured at fair value through profit or loss	591.455	289.829	591.455	289.829
Financial assets measured at fair value through other comprehensive income	15.220.615	8.646.943	15.220.615	8.646.943
Financial assets measured at amortised cost	14.475.337	7.665.261	14.374.184	7.863.245
Loans	84.158.708	60.340.295	84.803.025	60.555.794
Financial Liabilities	**117.564.067**	**78.110.774**	**117.597.381**	**77.736.285**
Interbank deposits	-	-	-	-
Other deposits	-	-	-	-
Funds provided from other financial institutions	101.435.241	68.706.921	102.260.744	69.027.374
Subordinated debt instruments	11.578.723	6.947.336	10.802.460	6.355.504
Securities issued	4.176.377	2.121.456	4.160.451	2.018.346
Sundry creditors	373.726	335.061	373.726	335.061

(*) 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 market 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.

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.

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

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VIII. Explanations regarding the presentation of consolidated financial assets and liabilities at fair value Continued)

Investor valuation and price reports are used for determination of fair values of level 3 assets 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 (31.12.2023)	Level 1	Level 2	Level 3
Financial Assets at Fair Value Through Profit or Loss	**-**	**-**	**591.455**
Debt securities	-	-	-
Share certificates	-	-	591.455
Other	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	**14.968.360**	**233.893**	**4.186**
Debt securities	14.968.360	233.893	-
Share certificates[1]	-	-	4.186
Other	-	-	-
Derivative Financial Assets	**-**	**65.716**	**-**
Investment in Associates and Subsidiaries[1]	-	-	-
Derivative Financial Liabilities	-	**18.299**	-

[1] Non-public subsidiaries, affiliates and unlisted shares are monitored at cost of acquisition. Cost may be an appropriate estimate of fair value. This situation is measured at cost because there is not enough recent information regarding the measurement of fair value or because fair value can be measured by more than one method and among these methods, cost best reflects the fair value estimate.

Prior Period (31.12.2022)	Level 1	Level 2	Level 3
Financial Assets at Fair Value Through Profit or 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] Non-public subsidiaries, affiliates and unlisted shares are monitored at cost of acquisition. Cost may be an appropriate estimate of fair value. This situation is measured at cost because there is not enough recent information regarding the measurement of fair value or because fair value can be measured by more than one method and among these methods, cost best reflects the fair value estimate.

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

Level 3 Movement Table	Current Period (31.12.2023)	Prior Period (31.12.2022)
Balance at the Beginning of the Period	**293.443**	**223.653**
Purchases During the Period	108.231	139.036
Disposals Through Sale/Redemptions	(8.372)	(98.411)
Valuation Effect	202.339	29.165
Transfers	-	-
Balance at the End of the Period	**595.641**	**293.443**

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

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 Türkiye Ministry of Culture and Tourism, and no new resources have been transferred in this context recently.

The Bank does not carry out any transactions based on faith.

X. Explanations Related to Consolidated Risk Management:

1. General explanations regarding 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 Committee and the Credit Evaluation Committee constitute two main committees that play a critical role in the execution of the Bank's activities; which the Asset and Liability 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 Evaluation 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 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 Compliance" and "Risk Management" 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.

The general principle of the risk policies followed by the Bank where committees and the implementation of risk budgeting are actively used 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 and shaping the asset composition in line with this general principle in accordance with its vision and structure, 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.

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations Related to Consolidated Risk Management (Continued)

1. General explanations regarding risk management and risk-weighted amounts (Continued)

The Bank's risk management approach (Continued)

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 and written limits for the quantifiable risks arising from the operations of the Bank 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 Management 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.

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.

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations Related to Consolidated Risk Management (Continued)

1. General explanations regarding risk management and risk-weighted amounts (Continued)

The Bank's risk management approach (Continued)

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 statement of profit or loss

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.

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 Decemmber 2023, as the Bank's standard approach was used in the calculation of capital adequacy:

- RWA flow statement under Internal Ratings Based Approach (IRB)

- RWA flow statements of CCR exposures under Internal Model Method (IMM)

- RWA flow statements of market risk exposures under Internal Model Approach

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X.Explanations Related to Consolidated Risk Management (Continued)

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

Overview of risk weighted amounts:

		Risk Weighted Amount		Minimum Capital Requirement
		Current Period (31.12.2023)	Prior Period (31.12.2022)	Current Period (31.12.2023)
1	Credit risk (excluding counterparty credit risk) (CCR)	99.876.756	74.909.081	7.990.140
2	Of which standardized approach (SA)	99.876.756	74.909.081	7.990.140
3	Of which internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	612.536	692.432	49.003
5	Of which standardized approach for counterparty credit risk (SA-CCR)	612.536	692.432	49.003
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	14.226.300	107.525	1.138.104
17	Of which standardized approach (SA)	14.226.300	107.525	1.138.104
18	Of which internal model approaches (IMM)	-	-	-
19	Operational Risk	3.360.326	1.889.314	268.826
20	Of which basic indicator approach	3.360.326	1.889.314	268.826
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)**	**118.075.918**	**77.598.352**	**9.446.073**

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X.Explanations Related to Consolidated Risk Management (Continued)

2. Credit risk disclosures:

General qualitative information about 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)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations Related to Consolidated Risk Management (Continued):

2. Credit risk disclosures (Continued)

General qualitative information about credit risk (Continued)

All units, including the departments within the Internal Systems, fulfill their duties, authorities, and responsibilities within the scope of credit risk management in accordance with 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.

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations Related to Consolidated Risk Management (Continued):

2. Credit risk disclosures (Continued):

Credit quality of assets:

Current Period (31.12.2023)		Default (a)	Not Overdue (b)	Provisions/Amortisations and Impairment (c)	Net Value (a+b-c)
		Gross carrying value as per TAS			
1	Loans	848.082	83.310.626	(1.421.094)	82.737.614
2	Debt securities	-	29.679.219	(8.659)	29.670.560
3	Off-balance sheet assets	2	4.754.338	(53.480)	4.700.860
4	**Total**	**848.084**	**117.744.183**	**(1.483.233)**	**117.109.034**

Prior 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	-	16.308.839	(19.972)	16.288.867
3	Off-balance sheet assets	2	3.041.459	(49.545)	2.991.916
4	**Total**	**894.376**	**78.796.219**	**(1.177.154)**	**78.513.441**

Changes in non-performing loans and debt securities:

	Current Period (31.12.2023)	
1	Defaulted loans and debt securities at the end of prior reporting period	894.374
2	Defaulted loans and debt securities from last reporting period	95.249
3	Returned to non-defaulted status	(141.541)
4	Amounts written of	-
5	Other changes	-
6	Defaulted loans and debt securities at the end of reporting period (1+2-3-4+-5)	848.082

	Prior Period (31.12.2022)	
1	Defaulted loans and debt securities at the end of prior reporting period	855.150
2	Defaulted loans and debt securities from last reporting period	230.129
3	Returned to non-defaulted status	(190.905)
4	Amounts written of	-
5	Other changes	-
6	Defaulted loans and debt securities at the end of reporting period (1+2-3-4+-5)	894.374

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations Related to Consolidated Risk Management (Continued):

2. Credit risk disclosures (Continued):

Additional disclosures regarding the credit quality of assets:

The Bank evaluates its financial assets in 3 Stages within the scope of TFRS 9. In this context, for defaulted loans (3.Stage) and loans that have not yet defaulted, but which have significantly increased credit risk from the date of the loan's issuance (2.Stage), the Bank calculates the expected lifetime credit loss. The Bank's other financial assets covered by TFRS 9 (1.Stage); the Bank reflects the probability of default within 12 months after the reporting date as the expected loss provision.

In case of payment failure of borrowers to the Bank due to temporary liquidity shortage loans and other receivables, including overdue interest, are restructured within the scope of the Provision Regulation by opening additional loans when necessary in order to provide liquidity strength to the borrower and to ensure the collection of the Bank's receivables.

Temporary liquidity shortage is considered as a manageable cash deficit caused by a loan borrower who has the solvency to pay his obligations on time and in full becoming irregular due to fluctuations in fund inflows and outflows, sales revenues or operating income arising from normal activities due to an unexpected and temporary reason.

Restructured loans will continue to be monitored in the groups in which they are classified and monitored until that date. During this period, provision for these receivables will continue to be allocated at the expected loss provision rates applied to the group in which they are monitored.

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

Current Period (31.12.2023)	**Non-performing loans**	**Stage 3 Expected Credit Loss**
Domestic	848.082	528.780
European Countries	-	-
OECD Countries	-	-
Total	**848.082**	**528.780**

Prior 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**

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations Related to Consolidated Risk Management (Continued):

2. Credit risk disclosures (Continued):

Information in terms of major sectors and type of counterparties

Current Period (31.12.2023)	Loans	Non-Performing Loans	Expected Loss Provision	Total (Net)
Agriculture	**426.371**	**-**	**498**	**425.873**
Farming and animal breeding	-	-	-	-
Forestry	-	-	-	-
Fishery	426.371	-	498	425.873
Industry	**72.145.595**	**751.728**	**1.309.764**	**71.587.559**
Mining and quarry	392.602	-	5.755	386.847
Manufacturing	32.510.780	6.403	180.230	32.336.953
Electricity, gas and water	39.242.213	745.325	1.123.779	38.863.759
Construction	**1.010.628**	**-**	**13.243**	**997.385**
Service	**9.728.032**	**95.220**	**96.455**	**9.726.797**
Wholesale and retail trade	-	-	-	-
Hotel and restaurant services	1.171.405	91.756	47.947	1.215.214
Transportation and communication	-	-	-	-
Financial institutions	8.214.342	-	44.391	8.169.951
Real estate and leasing services	-	-	-	-
Self-employment services	-	-	-	-
Educational services	84.986	-	422	84.564
Health and social services	257.299	3.464	3.695	257.068
Other	**-**	**1.134**	**1.134**	**-**
Total	**83.310.626**	**848.082**	**1.421.094**	**82.737.614**

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations Related to Consolidated Risk Management (Continued):

2. Credit risk disclosures (Continued):

Miscellaneous information by key sectors or counterparty type (Continued):

Prior Period (31.12.2022)	Loans	Non-Performing Loans	Expected Loss Provision	Total (Net)
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 restaurant 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**

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations Related to Consolidated Risk Management (Continued):

2. Credit risk disclosures (Continued):

Maturity analysis for non-performing loans

Current Period (31.12.2023)	Up to 3 Months	3-12 Months	1-3 Years	3-5 Years	5 Years and above
Corporate and Commercial Loans	-	68.030	709.012	36.314	33.592
Other	-	-	-	-	1.134
Total	**-**	**68.030**	**709.012**	**36.314**	**34.726**

Prior 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**

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

	Current Period (31.12.2023)		Prior Period (31.12.2022)	
	Loan Balance	**Expected Loss Provisions**	**Loan Balance**	**Expected Loss Provisions**
Restructured from Performing Loans	1.185.182	79.615	604.972	21.569
Restructured from Non-Performing Loans	745.325	472.090	22.848	145
Total	**1.930.507**	**551.705**	**627.820**	**21.714**

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.

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations Related to Consolidated Risk Management (Continued):

2. Credit risk disclosures (Continued):

Overview of credit risk mitigation techniques:

	Current Period (31.12.2023)	**Exposures unsecured: carrying amount as per TAS**	**Exposures secured by collateral**	**Collateralized amount of exposures secured by collateral**	**Exposures secured by financial guarantees**	**Collateralized amount of exposures secured by financial guarantees**	**Exposures secured by credit derivatives**	**Collateralized amount of exposures secured by credit derivatives**
1	Loans	4.307.948	79.850.760	100%	-	-	-	-
2	Debt Instruments	-	29.679.219	100%	-	-	-	-
3	**Total**	**4.307.948**	**109.529.979**	**100%**	-	-	-	-
4	Overdue	-	848.082	100%	-	-	-	-

	Current Period (31.12.2023)	**Exposures unsecured: carrying amount as per TAS**	**Exposures secured by collateral**	**Collateralized amount of exposures secured by collateral**	**Exposures secured by financial guarantees**	**Collateralized amount of exposures secured by financial guarantees**	**Exposures secured by credit derivatives**	**Collateralized amount of exposures secured by credit derivatives**
1	Loans	3.014.941	57.325.354	100%	-	-	-	-
2	Debt Instruments	-	16.308.839	100%	-	-	-	-
3	**Total**	**3.014.941**	**73.634.193**	**100%**	-	-	-	-
4	Overdue	-	894.374	100%	-	-	-	-

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

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

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations Related to Consolidated Risk Management (Continued):

2. Credit risk disclosures (Continued):

Standard Approach - Credit risk exposure and credit risk mitigation effects

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

Current Period (31.12. 2023)	**Exposures before CCF and CRM**		**Exposures post-CCF and CRM**		**Risk Weighted Amount and Intensity of Risk Weighted Amount**	
Risk Class	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount
Exposures to central governments and central banks	15.426.669	-	17.152.893	-	8.127.217	47,4%
Exposures to regional or local governments	-	-	-	-	-	-
Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-
Exposures to multilateral development banks	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-
Exposures to banks and brokerage houses	30.466.555	262.919	37.195.272	131.465	19.528.511	52,3%
Exposures to corporates	72.318.476	12.657.072	65.332.441	4.754.331	70.086.772	100,0%
Retail exposures	-	-	-	-	-	-
Exposures secured by residential property	51.762	-	51.762	-	18.117	35,0%
Exposures secured by commercial property	2.726.045	-	2.720.997	-	1.579.441	58,0%
Past-due receivables	319.302	-	319.302	-	184.772	57,9%
Exposures in high-risk categories by the Agency Board	-	-	-	-	-	-
Collateralized securities	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	228.437	54	228.437	54	228.491	100,0%
Other exposures	651.322	-	606.148	-	605.126	99,8%
Equity share investments	-	-	-	-	-	-
Total	**122.188.568**	**12.920.045**	**123.607.252**	**4.885.850**	**100.358.447**	**78,1%**

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations Related to Consolidated Risk Management (Continued):

2. Credit risk disclosures (Continued):

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

Current Period (31.12.2022)	**Exposures before CCF and CRM**		**Exposures post-CCF and CRM**		**Risk Weighted Amount and Intensity of Risk Weighted Amount**	
Risk Class	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount
Exposures to central governments and central banks	13.576.048	-	14.124.977	-	7.263.824	51,4%
Exposures to regional or local governments	-	-	-	-	-	-
Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-
Exposures to multilateral development banks	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-
Exposures to banks and brokerage houses	31.163.410	127.916	33.802.039	63.963	20.500.792	60,5%
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	-	16.935	35,0%
Exposures secured by commercial property	1.173.371	-	1.173.371	-	682.090	58,1%
Past-due receivables	326.553	-	326.553	-	163.277	50,0%
Exposures in high-risk categories by the Agency Board	-	-	-	-	-	-
Collateralized securities	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	129.401	6.006	129.401	6.006	135.407	100,0%
Other exposures	439.338	-	439.338	-	437.165	99,5%
Equity share investments	-	-	-	-	-	-
Total	**92.321.625**	**14.958.275**	**93.267.505**	**3.052.071**	**75.405.034**	**78,3%**

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations Related to Consolidated Risk Management (Continued):

2. Credit risk disclosures (Continued):

Standard Approach - Exposures by asset classes and risk weights:

The bank calculates credit risk with a standard approach and does not use rating scores.

Current Period (31.12.2023)													
	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 central governments and central banks	9.025.676	-	-	-	-	-	-	8.127.217	-	-	-	17.152.893
2	Exposures to regional or 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	68.372	-	15.219.014	-	-	10.629.701	-	11.164.964	-	-	244.686	37.326.737
7	Exposures to corporates	-	-	-	-	-	-	-	70.086.772	-	-	-	70.086.772
8	Retail exposures	-	-	-	-	-	-	-	-	-	-	-	-
9	Exposures secured by residential property	-	-	-	-	51.762	-	-	-	-	-	-	51.762
10	Exposures secured by commercial property	-	-	-	-	-	2.283.112	-	437.885	-	-	-	2.720.997
11	Past-due receivables	-	-	-	-	-	269.060	-	50.242	-	-	-	319.302
12	Exposures in high-risk categories by the Agency Board	-	-	-	-	-	-	-	-	-	-	-	-
13	Collateralized securities	-	-	-	-	-	-	-	-	-	-	-	-
14	Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-	-
15	Exposures in the form of collective investment undertakings	-	-	-	-	-	-	-	228.491		-	-	228.491
16	Other exposures	-	-	-	-	-	-	-	-	-	-	-	-
17	Equity share investments	1.021	-	-	-	-	-	-	605.127	-	-	-	606.148
18	**Total**	**9.095.069**	**-**	**15.219.014**	**-**	**51.762**	**13.181.873**	**-**	**90.700.698**		**-**	**244.686**	**128.493.102**

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations Related to Consolidated Risk Management (Continued):

2. Credit risk disclosures (Continued):

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

Prior Period (31.12.2022)													
	Risk Class/Risk Weight	0%	10%	20%	25%	35%	50%	75%	100%	150%	250%	Other	Total risk amount (after CCF and CRM)
1	Exposures to central governments and central banks	6.861.153	-	-	-	-	-	-	7.263.824	-	-	-	14.124.977
2	Exposures to regional or 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	-	15.514.730	-	-	1.403.024	-	16.693.816	-	-	125.916	33.866.002
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 receivables	-	-	-	-	-	326.553	-	-	-	-	-	326.553
12	Exposures in high-risk categories by the Agency Board	-	-	-	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	437.166	-	-	-	439.338
18	**Total**	**6.991.841**	**-**	**15.514.730**	**-**	**48.384**	**2.712.140**	**-**	**70.926.565**	**-**	**-**	**125.916**	**96.319.576**

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations Related to Consolidated Risk Management (Continued):

3. Counterparty credit risk disclosures:

Qualitative explanation of the 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 (31.12.2023)		Replacement Cost	Potential Credit Risk Amount	EEPE	Alpha Used for Computing Regulatory EAD	EAD Post-CRM	Risk Weighted Amounts
1	Standardized Approach - CCR (for derivatives)	50.728	527.402		1,4	809.381	610.166
2	Internal Model Method (for derivative transactions and security financing transactions)			-	-	-	-
3	Simple financial collateral method used for CRM (for securities financing transactions)					-	-
4	Comprehensive financial collateral method used for CRM (for securities financing transactions)					-	-
5	Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and credit securities financing transactions					118.499	2.370
6	**Total**						**612.536**

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations Related to Consolidated Risk Management (Continued):

3. Counterparty credit risk disclosures (Continued):

Evaluation of counterparty credit risk according to measurement methods

	Prior 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 CRM (for securities financing transactions)					-	-
4	Comprehensive financial collateral method used for CRM (for securities financing transactions)					-	-
5	Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and credit securities financing transactions					86.642	9.651
6	**Total**						**692.432**

Capital obligation for KDA:

Derivative transactions of the Bank consists of forward foreign exchange buying-selling and swap money buying-selling transactions. There are no interest-based swap transactions, option contracts and other derivative transactions. The Bank has no derivative products to be created to differentiate them from the main contract.

	Current Period (31.12.2023)	Risk Amount (After using credit risk mitigation techniques)	Risk-weighted amounts
	Total amount of portfolios subject to CVA capital requirement according to the advanced method	-	-
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 CVA capital requirement according to the standard method	809.381	130.670
4	Total amount subject to CVA capital requirement	809.381	130.670

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations Related to Consolidated Risk Management (Continued):

3. Counterparty credit risk disclosures (Continued):

Capital obligation for KDA (Continued):

	Prior Period (31.12.2022)	Risk Amount (After using credit risk mitigation techniques)	Risk-weighted amounts
	Total amount of portfolios subject to CVA capital requirement according to the advanced method	-	-
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 CVA capital requirement according to the standard method	945.880	196.143
4	Total amount subject to CVA capital requirement	945.880	196.143

Standard approach - Counterparty credit risk according to risk classes and risk weights:

Current Period (31.12.2023)									
Risk Weights / Risk Class	0%	10%	20%	50%	75%	100%	150%	Diğer	Total Credit Exposure (*)
Exposures to sovereigns and their central banks	7.180	-	-	-	-	1.987	-	-	321.987
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	68.372	-	-	-	-	285.655	-	244.686	290.549
Exposures to corporates	-	-		-	-	-	-	-	-
Retail exposures	-	-	-	-	-	-	-	-	-
Other assets(**)	-	-	-	-	-	-	-	-	-
Total	**75.552**	**-**	**-**	**-**	**-**	**607.642**	**-**	**244.686**	**612.536**

(*) Total credit risk: The amount to be taken into account in the calculation of capital adequacy after credit risk reduction is applied.

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations Related to Consolidated Risk Management (Continued):

3. Counterparty credit risk disclosures (Continued):

Standard approach - Counterparty credit risk according to risk classes and risk weights (Continued):

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

(*) Total credit risk: The amount to be taken into account in the calculation of capital adequacy after credit risk reduction is applied.

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations Related to Consolidated Risk Management (Continued):

3. Counterparty credit risk disclosures (Continued):

Collaterals used for counterparty credit risk (Continued)

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 (31.12.2023)	Collaterals for derivative transactions				Collaterals for other transactions	
	Collaterals received		Collaterals given		Collaterals received	Collaterals given
	Unsegregated	Segregated	Unsegregated	Segregated		
Cash-domestic currency	-	-	-	-	-	-
Cash-foreign currency	-	-	-	-	-	-
Domestic sovereign debt	-	-	276.707	-	247.294	2.737.755
Other sovereign debt	-	-	-	-	-	-
Government agency debt	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	-	**276.707**	-	247.294	**2.737.755**

Prior Period (31.12.2022)	Collaterals for derivative transactions				Collaterals for other transactions	
	Collaterals received		Collaterals given		Collaterals received	Collaterals given
	Unsegregated	Segregated	Unsegregated	Segregated		
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**

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations Related to Consolidated Risk Management (Continued):

3. Counterparty credit risk disclosures (Continued):

Credit derivatives
None.

Exposures to central counterparties (CCP)

Current Period (31.12.2023)	Risk Amount After CRM	RWA
Total risks arising from qualified transactions where one of the parties is CCP	**304.383**	**2.698**
Regarding the risks arising from the transactions in the CCP (excluding the initial margin and the amount placed in the guarantee fund)	126.187	2.698
(i) OTC derivatives	-	-
(ii) Other derivative transactions	126.187	2.524
(iii) Securities financing transactions	-	-
(iv) Netting groups to which cross product netting is applied	-	-
Non-free initial margin	169.512	-
Free initial deposit	-	-
The amount put into the guarantee fund	8.684	174
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	-	-

Securitization disclosures

None.

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations Related to Consolidated Risk Management (Continued):

4. Market risk disclosures:

Qualitative information to be disclosed to the public regarding market risk:

The Parent 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 Parent 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)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations Related to Consolidated Risk Management (Continued):

4. Market risk disclosures (Continued):

PR1 - Market risk amounts according to the standard approach:

	Current Period 31.12.2023	Prior Period 31.12.2022
	RAT	RAT
Direct (cash) Products		
Interest rate risk (general and specific)	14.150.941	-
Equity risk (general and specific)	-	-
Foreign exchange risk	75.359	107.525
Commodity risk	-	-
Options		
Simplified approach	-	-
Delta-plus method	-	-
Scenario approach	-	-
Securitization	-	-
Total	**14.226.300**	**107.525**

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”.

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

SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations Related to Consolidated Risk Management (Continued):

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

Differences and matching between the scope of accounting consolidation and legal consolidation:

		Carrying values in financial statements prepared as per TAS within legal consolidation	Items in accordance with TAS				
Current Period (31.12.2023)	Carrying values in financial statements prepared as per TAS[*]		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	1.873	2.560	2.560	-	-	-	-
Financial assets held for trading		318.816	318.816	-	-	-	-
Financial assets at fair value through profit or loss	256.752	272.639	272.639	-	-	-	-
Banks	11.655.094	4.935.249	4.935.249	-	-	-	-
Money market receivables	7.876.167	17.034.644	16.795.102	239.542			
Financial Assets at Fair Value Through Other Comprehensive Income	8.981.676	15.220.615	1.322.568	-	-	13.898.047	-
Derivative Financial Assets	1.264.983	65.715	65.715	-	-	-	-
Loans and Receivables	81.510.661	82.737.614	82.737.614	-	-	-	-
Factoring receivables	-	-		-	-	-	-
Financial Assets Measured at Amortised Cost	10.449.189	14.473.466	14.473.466	-	-	-	-
Investments in associates	10.586	10.586	10.586	-	-	-	-
Subsidiaries	-	-	-				
Lease receivables	65	-	-	-	-	-	-
Tangible assets (net)	48.122	43.010	43.010	-	-	-	-
Intangible assets (net)	22.072	32.323	-	-	-	-	32.323
Investment properties (net)	-	-	-	-	-	-	-
Tax asset	24.288	324.243	324.243	-	-	-	-
Other assets	195.820	228.206	228.206	-	-	-	-
Total Assets	**122.297.348**	**135.699.686**	**121.529.774**	**239.542**	**-**	**13.898.047**	**32.323**

[*] The financial position table dated 30 June 2023, prepared in accordance with the sixth paragraph of Article 5 of the Communiqué on the Preparation of Consolidated Financial Statements of Banks, was used.

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

SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations Related to Consolidated Risk Management (Continued):

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

Differences and matching between the scope of accounting consolidation and legal consolidation (Continued):

			Items in accordance with TAS				
Current Period (31.12.2023)	Carrying values in financial statements prepared as per TAS(*)	Carrying values in financial statements prepared as per TAS within legal consolidation	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	311.569	18.299	-	18.299	-	-	-
Funds borrowed	91.105.474	97.947.040	-	-	-	-	-
Money markets balances	2.626.272	2.874.989	-	2.874.989	-	-	-
Issued securities	3.241.298	4.176.377	-	-	-	-	-
Funds	5.688.852	6.397.933	-	-	-	-	-
Miscellaneous Payables	-	373.365	-	-	-	-	-
Other external funding’s payable	858.691	448.306	-	-	-	-	-
Factoring Payables	-	-	-	-	-	-	-
Debts from leasing transactions	22.004	21.326	-	-	-	-	-
Derivative financial liabilities for hedging purposes	-	-	-	-	-	-	-
Provisions	237.201	433.171	-	-	-	-	-
Tax liability	195.024	547.485	-	-	-	-	-
Liabilities for assets held for sale and discontinued operations	-	-	-	-	-	-	-
Subordinated debts	9.384.429	11.578.723	-	-	-	-	-
Shareholders’ equity	8.626.534	10.882.672	-	-	-	-	-
Total liabilities and equity	**122.297.348**	**135.699.686**	**-**	**2.893.288**	-	**-**	-

(*) The financial position table dated 30 June 2023, prepared in accordance with the sixth paragraph of Article 5 of the Communiqué on the Preparation of Consolidated Financial Statements of Banks, was used.

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

SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations Related to Consolidated Risk Management (Continued):

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

Differences and matching between the scope of accounting consolidation and legal consolidation (Continued):

			Items in accordance with TAS				
Prior 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	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	1.541	835	835	-	-	-	-
Financial assets held for trading	-	132.363	132.363	-	-	-	-
Financial assets at fair value through profit or loss	179.249	157.466	157.466	-	-	-	-
Banks	6.004.824	8.744.629	8.744.629	-	-	-	-
Money market receivables	3.612.247	6.629.640	6.629.640				
Financial Assets at Fair Value Through Other Comprehensive Income	5.742.707	8.646.942	8.646.942	-	-	-	-
Derivative Financial Assets	144.077	31.094	31.094	-	-	-	-
Loans and Receivables	49.227.373	59.232.660	59.232.660	-	-	-	-
Factoring receivables	-	-		-	-	-	-
Financial Assets Measured at Amortised Cost	5.736.788	7.663.559	7.663.559	-	-	-	-
Investments in associates	10.586	10.586	10.586	-	-	-	-
Subsidiaries	-	-	-				
Lease receivables	14	1	1	-	-	-	-
Tangible assets (net)	30.290	89.436	89.436	-	-	-	-
Intangible assets (net)	19.884	21.673	-	-	-	-	21.673
Investment properties (net)	-	-	-	-	-	-	-
Tax asset	133.843	169.179	169.179	-	-	-	
Other assets	170.220	169.733	169.733	-	-	-	-
Total Assets	**71.013.643**	**91.699.796**	**91.678.123**		**-**	**-**	**21.673**

(*) The financial position table dated 30 June 2023, prepared in accordance with the sixth paragraph of Article 5 of the Communiqué on the Preparation of Consolidated Financial Statements of Banks, was used.

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

SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations Related to Consolidated Risk Management (Continued):

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

Differences and matching between the scope of accounting consolidation and legal consolidation (Continued):

			Items in accordance with TAS				
Prior 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	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	173.266	11.157	-	-	-	-	-
Funds borrowed	52.205.091	63.339.728	-	-	-	-	-
Money markets balances	2.947.730	2.945.163	-	2.945.163	-	-	-
Issued securities	-	2.121.456	-	-	-	-	-
Funds	3.603.710	8.418.825	-	-	-	-	-
Miscellaneous Payables		347.070	-	-	-	-	-
Other external funding's payable	653.750	237.921	-	-	-	-	-
Factoring Payables	-	-	-	-	-	-	-
Debts from leasing transactions	-	24.161	-	-	-	-	-
Derivative financial liabilities for hedging purposes	-	-	-	-	-	-	-
Provisions	106.812	165.756	-	-	-	-	-
Tax liability	165.845	287.483	-	-	-	-	-
Liabilities for assets held for sale and discontinued operations	-	-	-	-	-	-	-
Subordinated debts	5.917.814	6.947.336	-	-	-	-	-
Shareholders' equity	5.239.625	6.853.740	-	-	-	-	-
Total liabilities and equity	**71.013.643**	**91.699.796**	**-**	**2.945.163**	-	**-**	-

(*) The financial position table dated 30 June 2023, prepared in accordance with the sixth paragraph of Article 5 of the Communiqué on the Preparation of Consolidated Financial Statements of Banks, was used.

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

SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations Related to Consolidated Risk Management (Continued):

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

The main sources of the differences between risk amounts and amounts valued in accordance with TAS in the financial statements:

	Current Period (31.12.2023)	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	135.699.686	121.529.774	-	239.542	13.898.047
2	Carrying values of liabilities in accordance with TAS within legal consolidation	135.699.686	-	-	2.874.989	-
3	**Total net amount under legal consolidation**	**-**	**121.529.774**	**-**	**(2.635.447)**	**13.898.047**
4	Off-balance sheet items	36.444.918	14.340.411	-	22.104.507	-
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	**172.144.604**	**135.870.185**	**-**	**19.469.060**	**13.898.047**

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

SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations Related to Consolidated Risk Management (Continued):

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

The main sources of the differences between risk amounts and amounts valued in accordance with TAS in the financial statements:

	Prior 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	91.699.796	91.678.123	-	-	-
2	Carrying values of liabilities in accordance with TAS within legal consolidation	91.699.796	-	-	2.945.163	-
3	**Total net amount under legal consolidation**	**-**	**91.678.123**	**-**	**(2.945.163)**	**-**
4	Off-balance sheet items	40.760.505	14.958.275	-	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	**132.460.301**	**106.636.398**	**-**	**22.857.067**	**-**

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.

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

SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations Related to Consolidated Risk Management (Continued):

6. Operational risk disclosures:

According to the Parent Bank's Operational Risk Management Policy, operational risk management practices are developed taking into account the fact that errors and irregularities are overlooked as a result of failures in internal controls, the Bank's management and staff do not act in accordance with time and conditions, errors and failures in information technology systems, losses that may arise from disasters such as earthquakes, fires, floods, and losses caused by other factors that may occur on the Bank and sector basis.

The amount based on the operational risk at the Bank is determined by Article 14 of the “Regulation on the Measurement and Evaluation of the Capital Adequacy of Banks”. It is calculated using the basic indicator method within the scope of the article. The value found by multiplying the average of fifteen percent of the bank’s year-end gross income amounts realized as of the last three years by twelve and a half is taken into account as the amount based on operational risk.

Annual gross income is calculated by adding net interest income, net fee and commission income, dividend income from shares other than subsidiary and affiliate shares, commercial profit/loss (net) and other operating income, profit/loss from the sale of assets tracked in securities accounts to be held to maturity, extraordinary income and insurance indemnity amounts to net interest income as shown in the statement of profit or loss of financial reports.

Current Period (31.12.2023)	**31.12.2020**	**31.12.2021**	**31.12.2022**	Total / Positive BG year amount	Ratio (%)	Total
Gross income	770.710	1.496.489	3.109.323	1.792.174	15	268.826
Amount subject to operational risk (Total*12,5)						**3.360.326**

Prior Period (31.12.2022)	**31.12.2019**	**31.12.2020**	**31.12.2021**	Total / Positive BG year amount	Ratio (%)	Total
Gross income	755.704	770.710	1.496.489	1.007.634	15	151.145
Amount subject to operational risk (Total*12,5)						**1.889.314**

SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations Related to Consolidated Risk Management (Continued):

6. Operational risk disclosures (Continued):

The Operational Risk Management Policy, which has been renewed to determine the policy, principles, approach and basic elements on Operational Risk management in order to set out the risks that the Bank will be exposed to in line with its general strategies and long-term goals and the strategies it will follow for these risks, has been approved by the Board of Directors as of 30.12.2020. With this policy, it is aimed to contribute to the establishment of an settled and consistent "Operational Risk Culture" throughout the Bank through the identification, detection, measurement, evaluation and reporting of Operational Risks. It is envisaged that 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 used in the identification and evaluation of operational risk. In order to analyze the operational risk, risk control and self-assessment studies, operational risk analysis report, scenario analysis and stress tests are planned to be carried out. As part of reducing operational risks and improving the effectiveness of the operational risk management process, controlling the risks incurred by applying established policies and procedures, reducing them using risk reduction techniques such as insurance, transferring them to another area, using methods such as the use of basic elements that will increase the effectiveness of operational risk management can be listed as the main elements that will increase the effectiveness of operational risk management.

The Bank's Support Services procedures, emergency and contingency plans, which enable the transfer of operational risks by obtaining some necessary support services from specialized organizations, as well as special policies, procedures and controls on money laundering and terrorist financing, which may cause operational risks, management of IT risks, are also envisaged to be established.

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.

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

SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations Related to Consolidated Risk Management (Continued):

7. Interest rate risk disclosures in banking accounts:

The Parent 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 ıncome (excluding government bonds), receivables from reverse-repo transactions, 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, ıssued 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 (31.12.2023) Currency	Applied Shock (+/- x base points)	Gains / Losses	Gains / Equity – Losses / Equity
1	TL	(+) 500 base points	(141.928)	(0,73)%
2	TL	(-) 400 base points	124.270	0,64%
3	EURO	(+) 200 base points	209.535	1,08%
4	EURO	(-) 200 base points	(262.744)	(1,36)%
5	USD	(+) 200 base points	(103.505)	(0,54)%
6	USD	(-) 200 base points	118.633	0,61%
	Total (For Positive Shocks))		(35.898)	(0,19)%
	Total (For Negative Shocks)		(19.841)	(0,10)%

	Prior Period (31.12.2022) Currency	Applied Shock (+/- x base points)	Gains / Losses	Gains / Equity – Losses / Equity
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%

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

SECTION FIVE

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS

I. Explanations and Notes Related to Consolidated Assets:

1. Information on financial assets:

1.1. Information on cash and cash equivalents:

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

	Current Period (31.12.2023)		Prior Period (31.12.2022)	
	TL	FC	TL	FC
Cash in TL/Foreign currency	26	-	44	-
CBRT	2.534	-	791	-
Other	-	-	-	-
Total	**2.560**	**-**	**835**	**-**

1.1.1.a. Information on required reserve deposits:

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

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

	Current Period (31.12.2023)		Prior Period (31.12.2022)	
	TL	FC	TL	FC
Unrestricted demand deposit	2.534	-	791	-
Unrestricted time deposit	-	-	-	-
Restricted time deposit	-	-	-	-
Total	**2.534**	**-**	**791**	**-**

1.1.2. Information on banks:

	Current Period (31.12.2023)		Prior Period (31.12.2022)	
	TL	FC	TL	FC
Banks				
Domestic	3.768.650	1.099.153	7.771.810	921.416
Foreign	-	71.856	-	64.779
Foreign head office and branches	-	-	-	-
Total	**3.768.650**	**1.171.009**	**7.771.810**	**986.195**

1.1.2.a) Information regarding Foreign Bank Accounts:

	Unrestricted Amount		Restricted Amount	
	Current Period (31.12.2023)	Prior Period (31.12.2022)	Current Period (31.12.2023)	Prior Period (31.12.2022)
EU Countries	47.652	43.478	-	-
USA and Canada	24.204	21.301	-	-
OECD Countries	-	-	-	-
Off-Shore Banking Regions	-	-	-	-
Other	-	-	-	-
Total	**71.856**	**64.779**	**-**	**-**

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

SECTION FIVE (Continued)

EXPLANATIONS AND FOOTNOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

1.1.3. Information on receivables from money markets:

	Current Period (31.12.2023)		Prior Period (31.12.2022)	
	TP	YP	TP	YP
Money Market Placements	16.806.484	-	6.634.417	-
Receivables from Reverse Repo Transactions	239.541	-	-	-
Total	**17.046.025**	**-**	**6.634.417**	**-**

1.1.4 Information on expected loss provisions for financial assets

	Current Period (31.12.2023)		Prior Period (31.12.2022)	
	TP	YP	TP	YP
Cash and balances with Central Bank		-	-	-
Banks	4.410	-	13.376	-
Receivables from money market	11.382	-	4.777	-
Total	**15.792**	**-**	**18.153**	**-**

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

None.

1.2.a) Financial assets measured at fair value through profit or 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 (31.12.2023)		Prior Period (31.12.2022)	
	TL	FC	TL	FC
Share certificates	-	-	-	-
Bonds, treasury bills and similar securities	706.459	-	486.436	-
Other	-	-	-	-
Total	**706.459**	**-**	**486.436**	**-**

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

	Current Period (31.12.2023)		Prior Period (31.12.2022)	
	TL	FC	TL	FC
Share certificates	-	-	-	-
Bonds, treasury bills and similar securities	16.734	1.572.231	834.674	793.984
Other	-	-	-	-
Total	**16.734**	**1.572.231**	**834.674**	**793.984**

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

SECTION FIVE (Continued)

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

I. Explanations and Notes Related to Consolidated 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 (31.12.2023)	Prior Period (31.12.2022)
Debt Securities	15.203.882	8.643.578
Quoted on a stock exchange	15.203.882	8.643.578
Unquoted	-	-
Share Certificates	19.200	18.629
Quoted on a stock exchange	-	-
Unquoted	19.200	18.629
Provision for impairment (-)	(2.467)	(15.264)
Total	**15.220.615**	**8.646.943**

1.4. Information on derivative financial assets:

	Current Period (31.12.2023)		Prior Period (31.12.2022)	
	TL	FC	TL	FC
Forward transactions	-	-	-	-
Swap transactions	65.528	188	31.094	-
Futures	-	-	-	-
Options	-	-	-	-
Others	-	-	-	-
Total	**65.528**	**188**	**31.094**	-

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

2.1. Information on loans:

2.1.a) Information on all types of loans and advances given to shareholders and employees of the Parent Bank:

None.

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

SECTION FIVE (Continued)

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

I. Explanations and Notes Related to Consolidated 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 (31.12.2023)	Standard Loans	Loans Under Close Monitoring		
			Restructured Loans	
		Loans not Subject to Restructuring	Loans with Revised Contract Terms	Refinance
Non-specialized loans	**79.108.932**	**2.720.250**	**605.196**	**-**
Working capital loans	8.603.353	-	6.002	-
Export loans	-	-	-	-
Import loans	-	-	-	-
Loans given to financial sector	8.214.342	-	-	-
Consumer loans	-	-	-	-
Credit cards	-	-	-	-
Other	62.291.237	2.720.250	599.194	-
Specialized loans	**799.284**	**76.964**	**-**	-
Other receivables	-	-	-	-
Total	**79.908.216**	**2.797.214**	**605.196**	**-**

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

	Current Period (31.12.2023)		Prior Period (31.12.2022)	
First and Second Stage Expected Loss Reserves	**Standard Loans**	**Loans Under Close Monitoring**	**Standard Loans**	**Loans Under Close Monitoring**
12 Months expected credit losses	624.594	-	394.864	-
Significant increase in credit risk	-	267.720	-	144.952

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

SECTION FIVE (Continued)

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

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

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

2.1. Information on loans (Continued):

2.1.c) Information on the distribution of cash loans according to maturity structure:

		Loans Under Close Monitoring		
			Restructured Loans	
Cash Loans Current Period (31.12.2023)	**Standard Loans**	**Loans not Subject to Restructuring**	**Loans with Revised Contract Terms**	**Refinancing**
Short-Term Loans	-	-	6.002	-
Medium and Long-Term Loans	79.908.216	2.797.214	599.194	-

		Loans Under Close Monitoring		
			Restructured Loans	
Cash Loans Prior Period (31.12.2022)	**Standard Loans**	**Loans not Subject to Restructuring**	**Loans with Revised Contract Terms**	**Refinancing**
Short-Term Loans	-	-	3.473	-
Medium and Long-Term Loans	56.639.491	2.458.715	344.242	-

2.1.ç) Information about loan movements:

	Stage I	Stage II	Stage III	Total
Beginning of Term (31.12.2022)	**56.639.491**	**2.806.430**	**894.374**	**60.340.295**
In-Term Supplement	19.689.239	94.442	95.249	19.878.930
Closed During the Period	(23.820.452)	(663.001)	(141.541)	(24.624.994)
Sold Loans	-	-	-	-
Write-offs	-	-	-	-
Transfer to Stage 1	-	(279.482)	-	(279.482)
Transfer to Stage 2	(94.442)	-	-	(94.442)
Transfer to Stage 3	-	(95.249)	-	(95.249)
Foreign Exchange Effect	27.494.380	1.539.270	-	29.033.650
End of Term (31.12.2023)	**79.908.216**	**3.402.410**	**848.082**	**84.158.708**

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

SECTION FIVE (Continued)

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

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

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

2.1. Information on loans (Continued):

2.1.d) Net value, collateral type and risk matching of collaterals of standard loans:

	Current Period (31.12.2023)		Prior Period (31.12.2022)	
Type of Collateral	**Net Value of Collateral (*)**	**Credit Balance**	**Net Value of Collateral (*)**	**Credit Balance**
Letter of Guarantee	29.886.086	32.857.560	16.453.500	17.790.550
Real Estate Mortgage	15.393.162	15.781.700	8.976.483	12.616.555
Other (Guarantee, commercial enterprise pledge, export documents, etc.)	12.078.300	12.078.300	4.165.642	4.165.642
Unsecured	-	19.190.656	-	22.066.744
Total	**57.357.548**	**79.908.216**	**29.595.625**	**56.639.491**

(*) 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.e) Net value, collateral type and risk matching of collaterals of loans under close monitoring:

	Current Period (31.12.2023)		Prior Period (31.12.2022)	
Type of Collateral	**Net Value of Collateral (*)**	**Credit Balance**	**Net Value of Collateral (*)**	**Credit Balance**
Letter of Guarantee	1.296.695	1.296.695	1.327.478	1.327.478
Real Estate Mortgage	2.060.988	2.060.988	1.457.421	1.457.421
Other (Guarantee, commercial enterprise pledge, export documents, etc.)	38.327	38.327	21.531	21.531
Unsecured	-	6.400	-	-
Total	**3.396.010**	**3.402.410**	**2.806.430**	**2.806.430**

(*) 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.f) Information about consumer loans, personal credit cards, staff loans and staff credit cards:

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

2.1.g) Information about installment commercial loans and corporate credit cards:

As of the balance sheet date, there are no installment commercial loans and corporate credit cards issued by the Bank.

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

SECTION FIVE (Continued)

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

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

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

2.1. Information on loans (Continued):

2.1.ğ) Distribution of loans according to users:

	Current Period (31.12.2023)	Prior Period (31.12.2022)
Public	301.788	-
Private	83.856.920	59.445.921
Total	**84.158.708**	**59.445.921**

2.1.h) Distribution of domestic and international loans:

	Current Period (31.12.2023)	Prior Period (31.12.2022)
Domestic Loans	84.158.708	59.445.921
Foreign Loans	-	-
Total	**84.158.708**	**59.445.921**

2.1.ı) Loans given to subsidiaries and associates:

The loan amounting to TL 3.859 extended to Arıcak A.Ş., the Bank's subsidiary, is followed in Group V loans. A default (third stage expected loss) provision of TL 3.859 has been set aside for the loan in question (31 December 2022: TL 3.859).

2.1.i) Default (third stage) provisions:

	Current Period (31.12.2023)	Prior Period (31.12.2022)
Loans with limited collectability	494.166	516.495
Loans with doubtful collectability	-	-
Uncollectible loans	34.614	51.326
Total	**528.780**	**567.821**

2.1.j) Information on non-performing receivables (Net):

2.1.j.1) Information on non-performing loans and restructured loans:

	III. Group	IV. Group	V. Group
	Loans with Limited Collectability	Loans with Doubtful Collectability	Uncollectible Loans
Current Period (31.12.2023)			
Gross amounts before provisions	68.031	-	34.726
Restructured loans	745.325	-	-
Prior Period (31.12.2022)			
Gross amounts before provisions	768.152	-	51.408
Restructured loans	74.814	-	-

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

SECTION FIVE (Continued)

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

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

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

2. 1. Information on loans (Continued):

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

	III. Group	IV. Group	V. Group
	Loans with Limited Collectability	**Loans with Doubtful Collectability**	**Uncollectible Loans**
Prior Period End Balance (31.12.2022)	**842.966**	**-**	**51.408**
Additions (+)	90.826	-	4.423
Transfer from other categories of non-performing loans (+)	-	-	-
Transfer to other categories of non-performing loans (-)	-	-	-
Collections (-)	(120.436)	-	(21.105)
Write-offs (-)	-	-	-
Sold (-)	-	-	-
Corporate and commercial loans	-	-	-
Consumer loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Current Period End Balance (31.12.2023)	**813.356**	-	34.726
Provision(-)	(494.166)	-	(34.614)
Net Balance on Balance Sheet	**319.190**	-	112

2.1.j.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 (31.12.2023)			
Interest accruals and rediscount with valuation differences	94.657	-	45
Provision amount (-)	(94.657)	-	(45)
Net Balance	**-**	**-**	**-**
Prior Period (31.12.2022)			
Interest accruals and rediscount with valuation differences	71.467	**-**	24
Provision amount (-)	(71.467)	**-**	(24)
Net Balance	**-**	**-**	**-**

2.1.j.4) Information on non-performing receivables arising from loans granted in foreign currency:

None.

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

SECTION FIVE (Continued)

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

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

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

2. 1. Information on loans (Continued):

2.1.j.5) Information on gross and net amounts of non-performing loans by user groups:

	III. Group	IV. Group	V. Group
	Loans with Limited Collectability	Loans with Doubtful Collectability	Uncollectible Loans
Current Period (Net) (31.12.2023)	**319.190**	**-**	**112**
Loans to Real Persons and Legal Entities (Gross)	813.356	-	34.726
Provision amount (-)	(494.166)	-	(34.614)
Loans to Real Persons and Legal Entities (Net)	319.190	-	112
Banks (Gross)	-	-	-
Provision amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans (Gross)	-	-	-
Provision amount (-)	-	-	-
Other Loans (Net)	-	-	-
Prior Period (Net) (31.12.2022)	**326.471**	**-**	**82**
Loans to Real Persons and Legal Entities (Gross)	842.966	-	51.408
Provision amount (-)	(516.495)	-	(51.326)
Loans to Real Persons and Legal Entities (Net)	326.471	-	82
Banks (Gross)	-	-	-
Provision amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans (Gross)	-	-	-
Provision amount (-)	-	-	-
Other Loans (Net)	-	-	-

2.1.j.6) Net value, collateral type and risk matching of collaterals of non-performing loans:

	Current Period (31.12.2023)		Prior Period (31.12.2022)	
Type of Collateral	Net Value of Collateral (*)	Credit Balance	Net Value of Collateral (*)	Credit Balance
Letter of Guarantee	68.031	68.031	-	-
Real Estate Mortgage	769.378	770.537	883.923	884.856
Other (Guarantee, commercial enterprise pledge, export documents, etc.)	-	-	-	-
Unsecured	-	9.514	-	9.518
Total	**837.409**	**848.082**	**883.923**	**894.374**

(*) 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.k) Main principles of liquidating non-performing loans and other receivables:

If there are collateral elements included in the fourth section of the Regulation on the Procedures and Principles Regarding the Classification of Loans and Provisions to be Set Aside, these elements are converted into cash as soon as possible as a result of both administrative and legal initiatives and the liquidation of the receivable is ensured.

If there is no collateral element, even if a certificate of insolvency is obtained for the debtor, legal follow-up is resorted to by conducting intensive intelligence at various periods and trying to detect subsequently acquired assets.

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

SECTION FIVE (Continued)

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

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

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

2. 1. Information on loans (Continued):

2.1.k) Main principles of liquidating non-performing loans and other receivables (Continued)

Before and after legal proceedings; as a result of the examinations to be carried out by the Bank regarding the financial information of the creditor company, efforts are made to liquidate the receivables through an agreement regarding the companies that are deemed to be viable and will contribute to production if brought into the economy.

2.1.l) Explanations on write-off policy:

Within the scope of the "Regulation on the Amendment of the Regulation on the Procedures and Principles for the Classification of Loans and the Provisions to be Allocated for Them", which entered into force through publication in the Official Gazette dated 6 July 2021 and numbered 31533, the part of the loans classified as "Fifth Group- Loans in the Type of Loss" and which are allocated for the expected lifetime loan loss, the part of which does not have reasonable expectations for recovery, are deducted from the records within the period deemed appropriate by the Bank in accordance with TFRS 9 from the first reporting period following their classification in this group. As 31 December 2023, the Parent Bank has no loans deducted from the records (31 December 2022: None).

2.2. Information on finance lease receivables (Net):

The Group has no receivables arising from leasing transactions. (31 December 2022: TL 1).

2.3. Information on factoring receivables:

None.

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

	Current Period (31.12.2023)	Prior Period (31.12.2022)
Government bonds	2.057.668	2.432.127
Treasury bills	-	-
Other government debt securities	-	-
Total	**2.057.668**	**2.432.127**

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

	Current Period (31.12.2023)	Prior Period (31.12.2022)
Government bonds	7.378.696	3.772.831
Treasury bills	-	67.842
Other government debt securities	-	-
Total	**7.378.696**	**3.840.673**

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

	Current Period (31.12.2023)	Prior Period (31.12.2022)
Government bonds	13.077.571	7.025.924
Treasury bills	-	67.842
Other government debt securities	482.369	468.457
Total	**13.559.940**	**7.562.223**

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

SECTION FIVE (Continued)

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

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

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

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

	Current Period (31.12.2023)	Prior Period (31.12.2022)
Debt Securities	14.475.337	7.665.261
Quoted on a stock exchange	14.475.337	7.665.261
Unquoted	-	-
Provision for impairment (-)	-	-
Total	**14.475.337**	**7.665.261**

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

	Current Period (31.12.2023)	Prior Period (31.12.2022)
Balance at the beginning of the period	7.665.261	3.012.392
Foreign currency difference on monetary assets	2.479.122	988.830
Purchases during the year (*)	5.427.202	3.721.983
Disposals through sales and redemptions (**)	(1.096.248)	(57.944)
Provision for impairment (-)	-	-
Balance at the end of the period	**14.475.337**	**7.665.261**

(*) TL 2.175.960 arises from the rediscount increase in purchases during the year (31 December 2022: TL 1.143.154) and the TL 151.927 from the rediscount increase in issuance of lease certificates (31 December 2022: TL 3.023).

(**) Disposals through sales and redemptions consist of TL 258.738 after coupon redemption rediscount reduction amount (31 December 2022: TL 57.944).

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

None.

4. Information on equity investments:

4.1. Information on associates:

4.1.a) If there are subsidiaries that are not consolidated in accordance with the Communiqué on the Preparation of Consolidated Financial Statements of Banks and the relevant Turkish Accounting Standard, the reasons for not consolidation:

Subsidiaries that are not included in the scope of consolidation because they are not financial affiliates are valued according to the cost method.

4.1.b) General information on associates:

	Title	Address (City/Country)	Bank's Share Ratio - If Different, Voting Ratio (%)	Bank's Risk Group Share Ratio (%)
1	Maksan A.Ş.	Malatya	20	31,14

4.1.c) Financial statement information regarding associates 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	411.378	243.088	12.691	-	-	124.054	100.471	-

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

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

SECTION FIVE (Continued)

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

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

4. Information on equity investments (Continued):

4.1.ç) Movement of associates:

	Current Period (31.12.2023)	Prior Period (31.12.2022)
Balance at the beginning of the period	**10.586**	**10.119**
Movements during the period	**-**	**467**
Additions	-	-
Bonus shares certificates	-	-
Shares in current year profit	-	-
Disposal	-	-
TFRS 9 classification change	-	-
Revaluation increase	-	-
Provision for impairment (-) / Cancellation of provision	-	467
Balance at the end of the period	**10.586**	**10.586**
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

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

None.

4.1.e) Information on consolidated subsidiaries:

None.

4.1.f) Associates quoted in the stock exchange:

None.

4.2. Information on subsidiaries (Net)

The Parent Bank does not have any capital requirement arising from its subsidiaries included in the consolidated capital adequacy standard ratio.

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 Parent-Bank has lost control over its subsidiary and net investment value of Kalkınma Yatırım Menkul Değerler A.Ş. in liquidation has been classified as financial assets measured at fair value through other comprehensive income in the accompanying financial statements. The Bank has provided a provision for its entire capital share in its subsidiary Arıcak A.Ş., which is in the process of liquidation.

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

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

SECTION FIVE (Continued)

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

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

4. Information on equity investments (Continued):

4.2.a.1) General information on unconsolidated subsidiaries

None.

4.2.a.2) General information on consolidated subsidiaries

	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.a.3) 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	855.850	526	-	-	131.928	432	44	-
2	23.256	16.407	2.135	-	-	(4.443)	8.986	-

(*) The financial information of Kalkınma Yatırım Varlık Kiralama A.Ş. and Kalkınma Girişim Sermayesi Portföy Yönetimi A.Ş. is provided from the unaudited and inflation accounting not applied financial statements as of 31 December 2023. Prior period profit/loss amounts are provided from the unreviewed financial statements as of 31 December 2022.

4.2.b) Movement of subsidiaries:

	Current Period (31.12.2023)	Prior Period (31.12.2022)
Balance at the beginning of the period	**4.050**	**3.050**
Movements during the period	**12.696**	**1.000**
Additions	6.536	-
Bonus shares certificates	9.464	1.000
Shares in current year profit	-	-
Disposals	-	-
Revaluation increase	-	-
Provision for impairment (-) / Cancellation of provision	(3.304)	-
Balance at the end of the period	**16.746**	**4.050**
Capital commitments	-	-
Share percentage at the end of the period (%)	100	100

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

	Current Period (31.12.2023)	Prior Period (31.12.2022)
Banks	-	-
Insurance companies	-	-
Factoring companies	-	-
Leasing companies	-	-
Financing companies	-	-
Other financial subsidiaries	16.746	4.050

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

SECTION FIVE (Continued)

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

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

4. Information on equity investments (Continued):

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

4.2.ç) Subsidiaries quoted on the stock exchange:

None.

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

The Parent 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 (31.12.2023)	Real-Estates	Real-Estates held for sale	Vehicles	Other	Total
Cost					
Balance at the beginning of the period	19.184	37.740	23.972	46.008	126.904
Provision for impairment	-	(651)	-	-	(651)
Movements during the period	-	-	-	-	-
-Additions	2.753	311.368	1.968	10.192	326.281
-Disposals (-)	-	(346.228)	(5.917)	(4.220)	(356.365)
-Transfer from investment properties	-	-	-	-	-
-Provision for impairment (-)	-	-	-	-	-
-Reversal from provision for impairment (-)	-	-	-	-	-
Balance at the end of the period	**21.937**	**2.229**	**20.023**	**51.980**	**96.169**
Accumulated Depreciation					
Balance at the beginning of the period	13.947	-	2.539	20.331	36.817
Movements during the period	-	-	-	-	-
-Depreciation charge	7.876	-	4.387	9.551	21.814
-Transfer from investment properties	-	-	-	-	-
-Disposals (-)	-	-	(1.435)	(4.037)	(5.472)
-Provision for impairment (-)	-	-	-	-	-
Balance at the end of the period	**21.823**	**-**	**5.491**	**25.845**	**53.159**
Net book value at the end of the period	**114**	**2.229**	**14.532**	**26.135**	**43.010**

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

SECTION FIVE (Continued)

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

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

6. Information on tangible assets (Continued)

Prior Period (31.12.2022)	**Real-Estates**	**Real-Estates held for sale**	**Vehicles**	**Other**	**Total**
Cost					
Balance at the beginning of the period	16.638	11.806	905	26.605	55.954
Provision for impairment	-	(729)	-	-	(729)
Movements during the period					-
-Additions	2.546	36.600	23.067	22.281	84.494
-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	**19.184**	**37.089**	**23.972**	**46.008**	**126.253**
Accumulated Depreciation					
Balance at the beginning of the period	9.038	247	605	17.383	27.273
Movements during the period					-
-Depreciation charge	4.909	-	1.934	5.522	12.365
-Transfer from investment properties	-	-	-	-	-
-Disposals (-)	-	(247)	-	(2.574)	(2.821)
-Provision for impairment (-)	-	-	-	-	-
Balance at the end of the period	**13.947**	**-**	**2.539**	**20.331**	**36.817**
Net book value at the end of the period	**5.237**	**37.089**	**21.433**	**25.677**	**89.436**

7. Information on intangible assets:

	Current Period (31.12.2023)	**Prior Period (31.12.2022)**
Cost		
Balance at the beginning of the period	39.853	34.810
Movements during the period	-	-
-Additions	18.744	5.043
- Disposals	-	-
Balance at the end of the period	**58.597**	**39.853**
Accumulated Amortisation		
Balance at the beginning of the period	18.180	12.935
Movements during the period	-	-
-Amortization charge	8.094	5.245
-Disposals	-	-
Balance at the end of the period	**26.274**	**18.180**
Net book value at the end of the period	**32.323**	**21.673**

8. Information on investment properties:

None.

9. Information on current tax assets:

The Group’s current tax asset is TL 5 (31 December 2022: None).

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

SECTION FIVE (Continued)

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

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

10. Information on deferred tax assets:

As of 31 December 2023, the Group has a deferred tax asset of TL 324.243 (31 December 2022: TL 169.179). 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 2023, the Parent Bank has no tax assets calculated over the period loss or tax deduction (31 December 2022: None).

	Current Period (31.12.2023)	Prior Period (31.12.2022)
Deferred Tax Assets		
Amortizations	24.277	-
Interest rediscounts	2.815	1.933
Employee benefits provisions	19.148	7.455
Securities portfolio internal yield-exchange rate difference	-	49.496
Personnel bonus premium provision	62.072	20.973
TFRS 9 Provision	289.035	152.374
TFRS 16 Leases	17	2
Other	33.507	679
Total Deferred Tax Assets	**430.871**	**232.912**
Deferred Tax Liabilities		
Amortizations	-	1.295
Actuarial differences	-	11
Securities portfolio - Financial	13.684	608
Securities portfolio - Non-financial	78.545	56.835
TFRS 16 Leases	174	-
Derivative financial assets	14.225	4.984
Other	-	-
Total Deferred Tax Liability	**106.628**	**63.733**
Net Deferred Tax Asset /(Liabilities)	**324.243**	**169.179**

11. Non-current assets held for sale and related to discontinued operations:

The Group has no fixed assets held for sale or related to discontinued operations.

12. Information on other assets:

	Current Period (31.12.2023)	Prior Period (31.12.2022)
Inventory	2.118	787
Prepaid expenses	218.996	143.862
Temporary account debtor	6.661	2.772
Sundry receivables	431	22.594
Total	**228.206**	**170.015**

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

SECTION FIVE (Continued)

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

II. Explanations and Notes Related to Consolidated Liabilities:

1. Information on maturity structure of deposits:

The Parent Bank is not accepting deposits.

2. Information on funds borrowed:

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

	Current Period (31.12.2023)		Prior Period (31.12.2022)	
	TL	FC	TL	FC
From Central Bank of the Republic of Türkiye(*)	17.995.416	-	8.959.064	-
From domestic banks and institutions	-	4.666.865	-	3.712.821
From foreign banks, institutions and funds	-	75.284.759	-	50.667.843
Total	**17.995.416**	**79.951.624**	**8.959.064**	**54.380.664**

(*) The securities amounting to TL 34.276.146 (31 December 2022: TL 15.195.563) received from the loan customers to which the rediscount credits obtained from the Central Bank of the Republic of Türkiye were disbursed were endorsed to the Central Bank of the Republic of Türkiye.

2.b) Maturity structure of funds borrowed:

	Current Period (31.12.2023)		Prior Period (31.12.2022)	
	TL	FC	TL	FC
Short-term	-	10.414.970	-	7.819.544
Medium and long-term	17.995.416	69.536.654	8.959.064	46.561.120
Total	**17.995.416**	**79.951.624**	**8.959.064**	**54.380.664**

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

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

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

3. Information on funds provided under repurchase agreements:

	Current Period (31.12.2023)		Prior Period (31.12.2022)	
	TL	FC	TL	FC
Debts to money markets	223.415	-	-	-
Funds provided from repo transactions	2.651.574	-	2.945.163	
Total	**2.874.989**	**-**	**2.945.163**	**-**

4. Information on securities issued (Net):

	Current Period (31.12.2023)		Prior Period (31.12.2022)	
	TL	FC	TL	FC
Asset backed securities	854.950	-	103.023	-
Bonds	-	3.321.427	-	2.018.433
Total	**854.950**	**3.321.427**	**103.023**	2.018.433

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

SECTION FIVE (Continued)

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

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

5. Explanations on funds:

Of the TL 6.397.933 which was provided by the Group (31 December 2022: TL 8.418.825), TL 328.577 is from the World Bank, TL 1.813 is from the European Commission Fund, TL 22.350 is from the Republic of Türkiye Ministry of Treasury and Finance and TL 6.045.193 consists of funds from borrowers and banks.

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

None.

7. Negative differences table for derivative financial liabilities:

	Current Period (31.12.2023)		Prior Period (31.12.2022)	
	TL	**FC**	**TL**	**FC**
Forward transactions	-	-	-	-
Swap transactions	15.195	3.104	11.157	-
Futures transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	**15.195**	**3.104**	**11.157**	-

8. Information on factoring liabilities:

None.

9. Explanations on financial lease payables (Net):

	Current Period (31.12.2023)		Prior Period (31.12.2022)	
	Gross	**Net**	**Gross**	**Net**
Less than 1 year	7.700	5.655	12.861	10.444
1-4 years	18.279	15.671	13.421	10.615
More than 4 years	-	-	3.264	3.102
Total	**25.979**	**21.326**	**29.546**	**24.161**

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

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

11. Explanations on Provisions:

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

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

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

As of 31 December 2023, the first stage expected loss provision for non-compensated and non-cashed non-cash loans is TL 53.480 (31 December 2022: TL 49.544), third stage expected loss provision is TL 1 (31 December 2022: TL 1).

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

SECTION FIVE (Continued)

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

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

11. Explanations on Provisions: (Continued)

11.c) Other provisions:

i) As of 31 December 2023, there are 128 lawsuits filed against the Group and there is a risk amount of TL 16.931. The Group has provided litigation provision amounting to TL 8.597 (31 December 2022: TL 2.405) for the lawsuits that are expected or highly probable to be concluded against the Bank. Other provisions amounting to TL 100.000 (31 December 2022: None) are provided for probable risks.

ii) The Group accounts provisions for employee benefits in accordance with the Turkish Accounting Standards No: 19 and recognizes it in financial statements. As of 31 December 2023, the Group allocated provision for severance pay amounting to TL 42.665 (31 December 2022: TL 20.062), for unused vacation accruals amounting to TL 21.521 (31 December 2022: TL 9.852) and within the scope of TAS 19 employee benefits provision amounting to TL 203.165 (31 December 2022: TL 83.892) has been reserved.

11.c-1) Information regarding severance pay provisions:

	Current Period (31.12.2023)	Prior Period (31.12.2022)
Balance at the beginning of the period	**20.061**	**10.223**
Expenses during the period	23.427	9.538
Actuarial loss/gain	-	655
Paid during the period	(823)	(355)
Balance at the end of the period	**42.665**	**20.061**

12. Information on Current Tax Debt:

12.a) Information on current tax liability:

12.a.1) Information on tax provision:

	Current Period (31.12.2023)		Prior Period (31.12.2022)	
Corporate Tax and Deferred Tax	**TL**	**FC**	**TL**	**FC**
Corporate tax payable	498.718	-	260.197	-
Deferred tax liability	-	-	-	-
Total	**498.718**	**-**	**260.197**	**-**

12.a.2) Information on taxes payable:

	Current Period (31.12.2023)	Prior Period (31.12.2022)
Corporate tax payable	498.903	260.429
Taxation on income on marketable securities	5.393	3.475
Property tax	-	38
Banking insurance transaction tax (BITT)	14.269	9.057
Foreign exchange transaction tax	287	119
Value added tax payable	1.542	531
Other	16.252	8.795
Total	**536.646**	**282.444**

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

SECTION FIVE (Continued)

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

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

12. Information on Current Tax Debt:

12.a.3) Information on premiums:

	Current Period (31.12.2023)	Prior Period (31.12.2022)
Social security premiums- Employee	4.281	1.975
Social security premiums- Employer	5.496	2.527
Bank social aid pension fund premium- Employee	-	-
Bank social aid pension fund premium- Employer	-	-
Pension fund membership fees and provisions- Employee	69	47
Pension fund membership fees and provisions- Employer	86	59
Unemployment insurance- Employee	268	123
Unemployment insurance- Employer	582	269
Other	57	39
Total	**10.839**	**5.039**

13. Information on deferred tax liabilities

None.

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

The Group has no fixed asset liabilities related to assets held for sale or discontinued operations.

15. Information on subordinated debt instruments:

	Current Period (31.12.2023)		Prior Period (31.12.2022)	
	TL	FC	TL	FC
Debt instruments to be included in additional capital calculation	3.712.899	6.038.208	2.301.046	3.528.830
Subordinated loans	3.712.899	6.038.208	2.301.046	3.528.830
Subordinated debt instruments	-	-	-	-
Debt instruments to be included in contribution capital calculation	-	1.827.616	-	1.117.460
Subordinated loans	-	1.827.616	-	1.117.460
Subordinated debt instruments	-	-	-	-
Total	**3.712.899**	**7.865.824**	**2.301.046**	**4.646.290**

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

Other foreign resources item of the balance sheet does not exceed 10% of the balance sheet total.

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

SECTION FIVE (Continued)

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

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

17. Information on shareholders' equity:

17.a) Presentation of paid-in capital:

	Current Period (31.12.2023)	**Prior Period (31.12.2022)**
Common stock	2.500.000	2.500.000
Preferred stock	-	-

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

Capital System	**Paid in Capital**	**Ceiling**
Registered capital	2.500.000	10.000.000

17.c) Other information regarding the capital increases made in the current period and their sources and the increased capital shares:

There is no capital increase in the current period.

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

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

17.d) Capital commitments until the end of the last fiscal year and the following interim period, the general purpose of these commitments and the estimated resources required for these commitments:

There has been no commitment to capital expenditure.

17.e) Information on legal reserves:

	Current Period (31.12.2023)	**Prior Period (31.12.2022)**
I. Legal reserve	205.969	120.952
II. Legal reserve	14.471	14.471
Special reserves	-	-
Total	**220.440**	**135.423**

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

SECTION FIVE (Continued)

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

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

17.f) Information on extraordinary reserves:

	Current Period (31.12.2023)	Prior Period (31.12.2022)
Legal reserves that was allocated to be in compliance with the decisions made on the Annual General Assembly	3.695.073	2.088.274
Retained earnings	-	-
Accumulated losses	-	-
Foreign currency capital exchange difference	-	-
Total	**3.695.073**	**2.088.274**

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

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

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

The Bank has no preferred shares representing the capital.

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

	Current Period (31.12.2023)		Prior Period (31.12.2022)	
	TL	**FC**	**TL**	**FC**
From associates, subsidiaries and jointly controlled entities (joint ventures)	10.931	-	1.467	-
Valuation difference	62.055	87.350	175.060	(11.919)
Foreign exchange difference	-	-	-	-
Total	**72.986**	**87.350**	**176.527**	**(11.919)**

17.ı) Information on minority shares:

None.

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

SECTION FIVE (Continued)

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

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

1. Information on off-balance sheet liabilities:

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

	Current Period (31.12.2023)	Prior Period (31.12.2022)
Forward asset purchase and sales commitments	1.420.366	533.977
Other irrevocable commitments	262.965	133.913
Total	**1.683.331**	**667.890**

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

As of 31 December 2023, the first stage expected loss provision for non-compensated and non-cashed non-cash loans is TL 53.480 (31 December 2022: TL 49.544), third stage expected loss provision is TL 1 (31 December 2022: TL 1).

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

The Group has guarantees given amounting to TL 609.260 (31 December 2022: TL 441.565). The Group has no letters of credit (31 December 2022: TL 118.700) and bank loans as of the current period

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

The total amount of the Parent Bank's letters of guarantee is TL 14.145.080 (31 December 2022: TL 2.481.196). TL 1 of this amount (31 December 2022: TL 1) is a customs guarantee letter and TL 84.923 is a performance guarantee letters.

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

	Current Period (31.12.2023)	Prior Period (31.12.2022)
Non-cash loans for providing cash loans	4.669.416	441.565
With original maturity of one year or less	-	-
With original maturity more than one year	4.669.416	441.565
Other non-cash loans	84.924	2.599.896
Total	**4.754.340**	**3.041.461**

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

SECTION FIVE (Continued)

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

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

1. Information on off-balance sheet liabilities (Continued)

1.c.2) Information about risk concentration on sector basis within the non-cash loans account:

	Current Period (31.12.2023)				**Current Period (31.12.2022)**			
	TP	(%)	YP	(%)	TP	(%)	YP	(%)
Agriculture	-	-	-	-	-	-	-	-
Farming and Livestock	-	-	-	-	-	-	-	-
Forestry	-	-	-	-	-	-	-	-
Fishery	-	-	-	-	-	-	-	-
Industry	84.915	100,00	4.669.416	100,00	632.674	100,00	2.408.778	100,00
Mining and quarrying	-	-	-	-	-	-	-	-
Manufacturing Industry	2.488	-	-	-	1	-	-	-
Electricity, Gas, Water	82.427	100,00	4.669.416	100,00	632.673	100,00	2.408.778	100,00
Building	-	-	-	-	-	-	-	-
Services	9	-	-	-	9	-	-	-
Wholesale and Retail Trade	-	-	-	-	-	-	-	-
Hotel and Restaurant Services	-	-	-	-	-	-	-	-
Transportation and Communications	-	-	-	-	-	-	-	-
Financial Institutions	9	-	-	-	9	-	-	-
Real Estate and Rental Service	-	-	-	-	-	-	-	-
Self-Employment Services	-	-	-	-	-	-	-	-
Educational Services	-	-	-	-	-	-	-	-
Health and Social Services	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total	**84.924**	**100,00**	**4.669.416**	**100,00**	**632.683**	**100,00**	**2.408.778**	**100,00**

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

	Current Period (31.12.2023)		**Prior Period (31.12.2022)**	
	I. Grup		**I. Grup**	
Non-cash loans	**TP**	**YP**	**TP**	**YP**
Letters of guarantee	84.922	4.060.156	72.416	2.408.778
Letters of credit	-	-	-	118.700
Other warranties	-	609.260	-	441.565

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

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

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

2. Explanations regarding derivative transactions:

The Group's derivative transactions consist of swap currency buying and selling transactions. As of 31 December 2023 and 31 December 2022, the breakdown of swap transactions on a foreign currency basis and their equivalents in TL is as follows:

	Current Period (31.12.2023)				Prior Period (31.12.2022)			
	Forward Purchase	Forward Sale	Swap Purchase	Swap Sale	Forward Purchase	Forward Sale	Swap Purchase	Swap Sale
TL	-	-	982.007	9.153.209	-	-	4.004.626	7.543.854
USD	-	-	6.794.888	1.934.433	-	-	7.161.779	3.405.293
EUR	-	-	3.239.969		-	-	1.473.318	1.679.383
Other	-	-	-	-	-	-	-	-
Total	**-**	**-**	**11.016.864**	**11.087.642**	**-**	**-**	**12.639.723**	**12.628.530**

3. Information on contingent liabilities and assets:

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

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

The Bank has committed to invest TL 25.000 in the Development Participation Venture Capital Investment Fund, TL 15.000 in the Innovative and Advanced Technologies Venture Capital Investment Fund, USD 1,5 Million in the Development ODTÜ Teknokent Venture Capital Investment Fund of which the Bank's subsidiary Development Venture Capital Portfolio Management Inc. is the founder and manager. It has been paid a capital share of TL 25.000 to Participation Venture Capital Investment Fund; TL 15.000 to the Innovative and Advanced Technologies Venture Capital Investment Fund; USD 1,5 million to the Development ODTÜ Teknokent Venture Capital Investment Fund and as of the balance sheet date, the total commitment to these funds has been paid.

The Bank has committed to invest TL 430.000 in the TKYB Capital Fund, of which Türkiye Development Fund is the founder and Development Venture Capital Portfolio Management Inc. is the manager. It has been paid a capital share of TL 167.089 and as of the balance sheet date, TL 262.911 of the total commitment to the fund has not been paid yet.

4. Services supplied on behalf on others

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

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

SECTION FIVE (Continued)

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

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

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

	Current Period (31.12.2023)		Prior Period (31.12.2022)	
	TL	FC	TL	FC
Interest on loans(*)				
Short term loans	-	-	223	6.958
Medium and long term loans	1.941.631	4.933.847	743.870	2.276.404
Interest on non-performing loans	233.053	-	99.063	-
Total	**2.174.684**	**4.933.847**	**843.156**	**2.283.362**

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

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

	Current Period (31.12.2023)		Prior Period (31.12.2022)	
	TL	FC	TL	FC
From Central Bank of the Republic of Türkiye	-	-	-	-
From domestic banks	2.840.771	14.743	1.002.350	31.462
From foreign banks	-	3.838	-	847
From foreign head offices and branches	-	-	-	-
Total	**2.840.771**	**18.581**	**1.002.350**	**32.309**

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

	Current Period (31.12.2023)		Prior Period (31.12.2022)	
	TL	FC	TL	FC
Financial assets measured at fair value through profit or loss	-	-	18	-
Financial assets measured at fair value through other comprehensive income	571.979	504.766	515.243	171.835
Financial assets measured at amortised cost	2.227.445	294.395	1.008.614	178.526
Total	**2.799.424**	**799.161**	**1.523.875**	**350.361**

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

None.

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

	Current Period (31.12.2023)		Prior Period (31.12.2022)	
	TL	FC	TL	FC
Money market transactions	2.602.971	787	452.287	581
Reverse repurchase agreements	8.593	-	2.663	-
Total	**2.611.564**	**787**	**454.950**	**581**

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

SECTION FIVE (Continued)

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

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

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

	Current Period (31.12.2023)		Prior Period (31.12.2022)	
	TL	FC	TL	FC
Banks(*)	1.660.274	254.073	576.410	15.077
Central Bank of the Republic of Türkiye	1.660.274	-	576.410	-
Domestic banks	-	-	-	122
Foreign banks	-	254.073	-	14.955
Foreign head office and branches	-	-	-	-
Other Institutions(*)	1.412.300	3.902.030	802.473	1.553.805
Total	**3.072.574**	**4.156.103**	**1.378.883**	**1.568.882**

(*) 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 (31.12.2023)		Prior Period (31.12.2022)	
	TL	FC	TL	FC
Interest Paid on Issued Securities	-	182.028	-	27.463

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

	Current Period (31.12.2023)		Prior Period (31.12.2022)	
	TL	FC	TL	FC
Money market transactions	11.140	-	28	-
Repurchase agreements	516.972	-	269.789	-
Total	**528.112**	-	**269.817**	-

2.d) Leasing interest expenses:

	Current Period (31.12.2023)		Prior Period (31.12.2022)	
	TL	FC	TL	FC
Immovables	1.047	-	1.944	-
Movables	2.019	-	533	-
Total	**3.066**	**-**	**2.477**	**-**

3. Information related to dividend income:

	Current Period (31.12.2023)	Prior Period (31.12.2022)
Financial assets measured at fair value through profit or loss	6.151	43.446
Financial assets measured at fair value through other comprehensive income	4.851	3.475
Other	11.874	1.019
Total	**22.876**	**47.940**

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

SECTION FIVE (Continued)

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

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

4. Information related to trading income/loss:

	Current Period (31.12.2023)	Prior Period (31.12.2022)
Gain	**6.508.686**	**1.887.151**
Gains on capital market operations	177.986	116.149
Gains on derivative financial instruments	4.241.721	1.610.506
Foreign exchange gains	2.088.979	160.496
Loss (-)	**(7.112.166)**	**(1.833.265)**
Losses from the capital market operations	(15.515)	(11.173)
Losses on derivative financial instruments	(2.255.617)	(1.320.916)
Foreign exchange losses	(4.841.034)	(501.176)

5. Information related to other operating income:

	Current Period (31.12.2023)	Prior Period (31.12.2022)
Income from sale of assets	70.582	28.039
Reversals from prior years' provisions	127.888	80.459
Other	24.864	37.177
Total	**223.334**	**145.675**

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

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

	Current Period (31.12.2023)	Prior Period (31.12.2022)
Expected credit loss provisions	492.037	495.232
12 month expected credit loss (Stage 1)	232.210	259.524
Significant increase in credit risk (Stage 2)	122.768	62.924
Non-performing Loans (Stage 3)	137.059	172.784
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 (*)	345.475	99.882
Total	**837.512**	**682.065**

(*) TL 100.000 of the other provision expenses has been allocated for probable risks (31 December 2022: None), TL 36.120 of the other provision expenses consist of provision expenses for employee termination benefits and vacation liabilities (31 December 2022: TL 16.866), TL 203.165 consists of provision expenses within the scope of TAS 19 (31 December 2022: TL 82.692), TL 6.192 consists of provision for litigation expenses (31 December 2022: TL 455).

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

SECTION FIVE (Continued)

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

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

7. Information related to other operating expenses:

	Current Period (31.12.2023)	Prior Period (31.12.2022)
Provision for employee termination benefits(*)	23.447	10.907
Provision expense for bank social aid fund deficits	-	-
Fixed assets impairment charges	-	-
Depreciation charges of fixed assets	21.814	12.654
Intangible assets impairment charges	-	-
Goodwill impairment charges	-	-
Amortization charges of intangible assets	8.094	5.243
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	102.390	53.524
Leasing expenses related to TFRS 16 exceptions	236	136
Maintenance expenses	709	171
Advertisement expenses	57	75
Other expenses (**)	101.388	53.142
Loss on sale of assets	-	-
Other (***)	233.535	44.128
Total	**389.280**	**126.456**

(*) "Provision for Severance Pay" and "Provision for Short-Term Employee Rights" expenses are shown in the "Other Provision Expenses" line in the statement of profit or loss.

(**) Other expenses amounted to TL 4.051 from cleaning expenses (31 December 2022: TL 1.875), TL 13. from communication expenses (31 December 2022: TL 8.434), TL 19.796 from computer usage expenses (31 December 2022: TL 8.760), TL 1.836 from heating, lighting and water expenses (31 December 2022: TL 1.315), TL 23.889 from vehicle expenses (31 December 2022: TL 11.071), TL 1.287 from subscription fees (31 December 2022: TL 747), TL 12.039 from participation in common expenses (31 December 2022: TL 6.713), TL 5.269 from insurance expenses (31 December 2022: TL 2.603), TL 9.914 sundry expenses (31 December 2022: TL 2.241) and TL 10.118 remaining portion (31 December 2022: TL 9.383) consists of other miscellaneous expenses.

(***) TL 76.953 of the other is from taxes, duties, fees and fund expenses (31 December 2022: TL 23.113), TL 26.746 from audit and consultancy fees (31 December 2022: TL 10.830), TL 9.676 from BRSA participation share (31 December 2022: TL 5.615), TL 110.411 from extraordinary expenses (31 December 2022: None) and the remaining part amounted to TL 9.749 (31 December 2022: TL 4.570) 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 independent audit firm is given in below, excluding VAT amounts.

	Current Period (31.12.2023)	Prior Period (31.12.2022)
The Independent audit fee for the reporting period	2.267	1.198
Fee for tax advisory services	163	113
Fee for other assurance services	563	212
Fees for services other than independent auditing	-	89
Total	**2.993**	**1.612**

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

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

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

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

The Group's profit before tax from continuing operations in the accounting period ending on 31 December 2023 is TL 5.641.003 (31 December 2022: TL 2.332.709). Group has no discontinued operations.

10. Information on tax provision of continued and discontinued operations:

In the accounting period ending on 31 December 2023, the Group's income tax provision from continuing operations amounting to TL 1.598.335 (31 December 2022: TL 632.311) consists of TL 1.762.726 of current tax charge (31 December 2022: TL 774.028), TL 164.391 of deferred tax income effect (31 December 2022: TL 141.717).

	1 January-31 December 2023	**1 January-31 December 2022**
Reconciliation of Tax Provision		
Profit/Loss Before Tax	5.641.003	2.332.709
Applicable Tax Rate	**30%**	**25%**
Calculated Tax	1.692.301	583.177
Reconciliation of Allocated and Calculated Tax Provision		
Other (Effect of expenses not allowed by law, discounts, etc.)	(93.966)	49.134
Tax Provision	**1.598.335**	**632.311**

11. Information related to net operating income after taxes:

Group has earned net profit of TL 4.042.668 from continuing operations between 1 January 2023-31 December 2023 (1 January 2022-31 December 2022: TL 1.700.398).

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 statement of profit or loss exceed 10 % of the statement of profit or loss total, sub-accounts amounting to at least 20 % of these items are presented below:

The total amount of other fees and commissions received in the profit or loss statement for the accounting period ending on 31 December 2023 is TL 223.468 (31 December 2022: TL 62.136). Of this amount, TL 28.703 (31 December 2022: TL 14.660) consists of investment banking service income and TL 13.210 (31 December 2022: TL 4.428) consists of CBRT investment advance commissions.

The total amount of other fees and commissions given in the statement of profit or loss for the accounting period ending on 31 December 2023 is TL 176.945 (31 December 2022: TL 21.459). Of this amount, TL 13.481 (31 December 2022: TL 6.656) consists of credit guarantee fund limit commissions, and TL 24.483 (31 December 2022: TL 10.382) consists of stock exchange transaction commissions.

14. Profit / loss attributable to minority rights:

None.

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

SECTION FIVE (Continued)

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

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

The paid nominal capital amount in the legal records is TL 2.500.000 (31 December 2022: TL 2.500.000), as of the balance sheet date, the legal reserve funds balance is TL 220.440. (31 December 2022: TL 135.423), the extraordinary reserve funds balance is TL 3.695.073 (31 December 2022: TL 2.088.274) other profit reserves are TL 54.260 (31 December 2022: TL 54.260).

The fair value difference of TL 145.794, 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.

VI. Explanations and Notes Related to Consolidated Statement Cash Flows:

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

The Parent Bank's net cash inflow from banking activities amounts to TL 8.008.734. (31 December 2022: TL 11.723.319). The portion of the net cash inflow resulting from banking activities amounting to TL 3.966.737 (31 December 2022: TL (10.431.335 is from the change of active and passive accounts; the portion amounting to 4.041.997. (31 December 2022: TL 1.291.984 arises from operating profit. The item "Net Increase (Decrease) in Other Debts" included in the change of active and liability accounts arises from funds received, funds provided from repo transactions, miscellaneous debts, other foreign sources and changes in taxes, duties, fees and premiums to be paid as TL 3.479.967. (31 December 2022: TL 8.766.658). The "Other" item included in the operating profit consists of other operating expenses excluding fees and commissions paid and personnel expenses and was realized as TL (1.109.202) (31 December 2022: TL (1.123.762)). There is no cash inflow from financing activities due to the cash capital increase or subordinated loan in 2023.The effect of the change in foreign exchange rate on cash and cash equivalent assets includes the exchange rate difference between the exchange rate on the day the foreign currency cash and cash equivalent assets were traded and the exchange rate on the reporting date and amounted to TL 2.022.255. (31 December 2022: TL 766.822).

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

	Current Period (31.12.2022)	Prior Period (31.12.2021)
Cash	69.598	34.554
Cash in TL and foreign currencies	45	24
Demand deposits at banks	69.553	34.530
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	15.299.352	4.262.295

The total value found as a result of the transactions realized in the previous period gives the total of cash and cash equivalent assets of the current period.

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

	Current Period (31.12.2023)	Prior Period (31.12.2022)
Cash	83.450	69.598
Cash in TL and foreign currencies	26	45
Demand deposits at banks	83.424	69.553
Cash equivalents	21.328.757	15.229.754
Interbank money market	16.535.221	6.603.772
Time deposits at banks	4.793.536	8.625.982
Total cash and cash equivalents	21.412.207	15.299.352

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

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

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

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

b) Prior Period:

Risk Group of the Parent Bank	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 3.834 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 Parent Bank and its risk groups:

None.

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

Total amount of benefits provided to the Parent Bank’s top management is TL 42.962 (31 December 2022: TL 21.540).

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

None.

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

SECTION SIX

OTHER EXPLANATIONS

I. Other Explanations Related to Operations of the Parent Bank:

a) The Summary of Information on the Parent Bank's rating by International Rating Agencies:

The international ratings of the Parent Bank are performed by Fitch on 22 September 2023.

	2023
Foreign Currency	
Long Term	B
Short Term	B
Outlook	Stable
Turkish Lira	
Long Term	B
Short Term	B
Outlook	Stable
National	
Long Term	AAA (TUR)
Government Support Note	B

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

II. Explanations and Notes Related to Subsequent Events:

BRSA, with its decision dated 11 January 2024 and numbered 10825, decided for banks, financial leasing, factoring, financing, savings financing and asset management companies to implement TAS 29 Financial Reporting Standard in High Inflation Economies for the beginning on 1 January 2025.

With the decision of the Bank's Board of Directors dated 16 January 2024, in order to increase placement opportunities, the Bank's issued capital of TL 2.500.000 within the registered capital ceiling determined as TL 10.000.000 to be increased by TL 3.000.000 to TL 5.500.000 entirely covered in cash.

SECTION SEVEN

INDEPENDENT AUDIT REPORT

I. Explanations on Independent Auditors' Report:

The Parent Bank's consolidated financial statements as of and for the period ended 31 December 2023 have been audited by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. and the audit report dated 8 February 2024 is presented at the beginning of the financial statements and related notes.

II. Explanations and Notes Prepared by Independent Auditor:

None.