

**TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.**

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



KPMG Bağımsız Denetim ve  
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## **Independent Auditor's Report**

To the Shareholders of Türkiye Kalkınma ve Yatırım Bankası Anonim Şirketi

### **A) Audit of the Unconsolidated Financial Statements**

#### *Opinion*

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

In our opinion, the accompanying unconsolidated financial statements present fairly, in all material respects, the unconsolidated financial position of Türkiye Kalkınma ve Yatırım Bankası Anonim Şirketi as at 31 December 2023, and its unconsolidated financial performance and its unconsolidated cash flows for the year then ended in accordance with the "Banking Regulation and Supervision Agency ("BRSA") Accounting and Reporting Legislation" which includes the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette No. 26333 dated 1 November 2006, and other regulations on accounting records of banks published by Banking Regulation and Supervision and circulars and interpretations published by BRSA and requirements of Turkish Financial Reporting Standards ("TFRS") for the matters not regulated by the aforementioned legislations.

#### *Basis for Opinion*

We conducted our audit in accordance with the "Regulation on Independent Audit of the Banks" ("BRSA Auditing Regulation") published in the Official Gazette No.29314 dated 2 April 2015 by BRSA and Standards on Auditing which is a component of the Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA") ("Standards on Auditing issued by POA"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements* section of our report. We declare that we are independent of the Bank in accordance with the Code of Ethics for Auditors issued by POA (including Independence Standards) ("POA's Code of Ethics") and the ethical requirements in the regulations issued by POA that are relevant to audit of unconsolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with the POA's Code of Ethics and regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



## Key Audit Matters

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

### *Impairment of loans measured at amortised cost*

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

| <b>Key audit matter</b>   | <b>How the matter is addressed in our audit</b>   |
|---|---|
| <p>As of 31 December 2023, loans amount 62% of the Bank's total assets.</p> <p>The Bank recognizes its loans measured at amortised cost in accordance with the Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside (the "Regulation") published on the Official Gazette No. 29750 dated 22 June 2016 which became effective on 1 January 2018 and TFRS 9 Financial Instruments standard ("Standard").</p> <p>As of 1 January 2019, due to the new adoption of the Standard, in determining the impairment of financial assets the Bank started to apply "expected credit loss model" instead of the "incurred loss model". The new model contains significant assumptions and estimates.</p> <p>The significant assumptions and estimates of the Bank's management are as follows:</p> <ul style="list-style-type: none"> <li>• determination of significant increase in credit risk since initial recognition of loans in financial statements.</li> <li>• incorporating the forward looking macroeconomic information in calculation of credit risk.</li> <li>• design and implementation of expected credit loss model.</li> </ul> <p>The determination of the impairment of loans measured at amortised cost depends on the credit default status, the model based on the change in the credit risk at the first recognition date and the classification of the loans measured at amortised cost according to the model. Establishing an accurate classification is a significant process as the calculation of expected credit loss varies to the staging of the financial assets.</p> | <p>Our procedures for auditing the impairment of loans measured at amortised cost include below:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> <li>• 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.</li> <li>• We performed loan reviews for selected loan samples which include a detailed examination of loan files and related information and testing their classification. In this context, the current status of the loan customer has been evaluated prospective information and macroeconomic variables.</li> <li>• 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.</li> <li>• We assessed the macroeconomic models that are used to reflect forward looking expectations and tested the effect of the risk parameters by recalculation method.</li> </ul> |

|  |   |
|--|---|
| <p>The Bank calculates expected credit losses on a collective basis.</p> <p>The collective basis expected credit loss calculation is based on complex processes which are modelled by using current and past data sets and expectations. The completeness and accuracy of data sets in the model are also considered and the forward looking expectations are reflected by macroeconomic models.</p> <p>Impairment on loans measured at amortised cost is determined as a key audit matter, due to the significance of the estimates, assumptions, the level of judgements and its complex structure as explained above.</p> | <ul style="list-style-type: none"> <li>• We evaluated the qualitative and quantitative assessments which are used in determining the significant increase in credit risk.</li> <li>• We evaluated the adequacy of the disclosures in the unconsolidated financial statements related to impairment provisions.</li> </ul> |
|--|---|

#### *Responsibilities of Management and Those Charged with Governance for the Unconsolidated Financial Statements*

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

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

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

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

Responsibilities of auditors in an audit are as follows:

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



Our aim is to obtain reasonable assurance as to whether the unconsolidated financial statements as a whole do not contain material misstatement due to error or fraud and to prepare an independent auditor's report containing our opinion. Reasonable assurance given as a result of an independent audit conducted in accordance with the BRSA Audit Regulation and Standards on Auditing; It is a high level of assurance, but it does not guarantee that a material misstatement will always be detected if it exists.

Inaccuracies may be due to error or fraud. Misstatements are considered material if, individually or collectively, they could reasonably be expected to affect the economic decisions of users of the financial statements based on the unconsolidated statements.

As a requirement of an independent audit conducted in accordance with the BRSA Audit Regulation and ISAs, we use our professional judgment and maintain our professional skepticism throughout the independent audit. We also:

- Risks of material misstatement resulting from error or fraud in the unconsolidated financial statements are identified and evaluated, audit procedures responding to these risks are designed and implemented, and sufficient and appropriate audit evidence is obtained to form a basis for our opinion. Cheat; The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting a material misstatement due to error, as it may involve acts of collusion, fraud, willful negligence, misrepresentation or internal control violation.
- Internal control relevant to the audit is evaluated not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control, but for the purpose of designing audit procedures appropriate to the situation.
- The suitability of the accounting policies used by the management and the reasonableness of the accounting estimates and related disclosures are evaluated.
- Based on the audit evidence obtained, a conclusion is reached about whether there is a material uncertainty regarding events or conditions that may create serious doubt about the Bank's ability to continue as a going concern and the appropriateness of the management's use of the going concern principle. If we conclude that a material uncertainty exists, we are required to draw attention to the relevant disclosures in the unconsolidated financial statements in our report or, if these disclosures are insufficient, to express an unqualified opinion.

Our conclusions are based on the audit evidence obtained up to the date of the independent auditor's report. However, future events or circumstances may terminate the Bank's continuity.

- The overall presentation, structure and content of the unconsolidated financial statements, including disclosures, and whether these statements reflect the underlying transactions and events in a manner that ensures fair presentation are evaluated.

We communicate to those charged with governance the planned scope and timing of the independent audit and significant audit findings, including, among other things, any significant internal control deficiencies we identify during the audit.

We have informed those charged with senior management that we comply with the ethical provisions regarding independence. In addition, we have communicated to those responsible for senior management all relationships and other issues that may be considered to have an impact on independence and the steps taken and measures taken to eliminate threats, if any.



Among the matters reported to those charged with governance, we determine the matters that are most important in the independent audit of the current period's unconsolidated financial statements, that is, the key audit matters. In cases where the legislation does not allow the matter to be disclosed to the public, or in very exceptional cases where the negative consequences of disclosing the matter to the public are reasonably expected to outweigh the public interest of the matter, we may decide not to disclose the relevant matter in our independent auditor's report.

**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



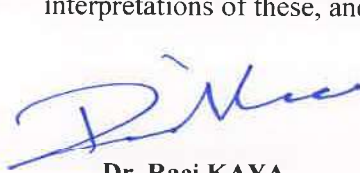
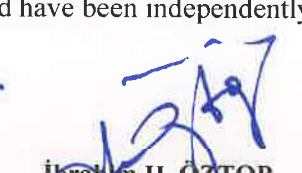


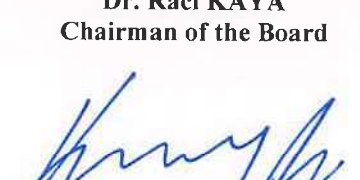
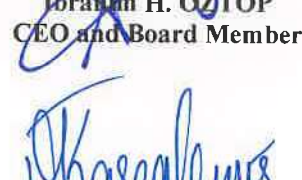


**THE UNCONSOLIDATED FINANCIAL REPORT OF  
TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş. AS OF 31 DECEMBER 2023**

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

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

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

|   |   |   |   |
|---|---|---|---|
| <br><b>Dr. Raci KAYA</b><br>Chairman of the Board    | <br><b>İbrahim H. ÖZTOP</b><br>CEO and Board Member    | <br><b>Erdal ERDEM</b><br>Chairman of Audit Committee     | <br><b>Zeynep BOĞA</b><br>Deputy Chairman of Audit Committee |
| <br><b>Kerem DÖNMEZ</b><br>Member of Audit Committee | <br><b>Ömer KARADEMİR</b><br>Member of Audit Committee | <br><b>Nuri Yasin KALAHÇI</b><br>Executive Vice President | <br><b>Aydın TOSUN</b><br>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

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**TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.****Notes to the Unconsolidated Financial Statements as of 31 December 2023**

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

**SECTION ONE****GENERAL INFORMATION****I. Establishment Date of the Bank, Initial Articles of Association, History of the Bank Including the Changes of These Articles:**

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

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

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

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

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

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

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

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

**SECTION ONE (Continued)**

**GENERAL INFORMATION (Continued)**

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

**Chairman and Members of the Board of Directors:**

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

**General Manager, Executive Vice Presidents:**

| Name Surname           | Duty   | Assignment Date | Education Level   | Experience in Banking Sector (Years) |
|------------------------|--|-----------------|-------------------|--------------------------------------|
| İbrahim H. ÖZTOP       | General Manager / Information Security, Legal Affairs, CEO Office Directorate and all other areas  | 16.08.2018      | Master's Degree   | 27                                   |
| Satı BALCI             | EVP / Subsidiaries and Corporate Relations, Loan Operations, Treasury and Capital Markets Operations, Türkiye Development Fund   | 07.11.2017      | Bachelor's Degree | 35                                   |
| Seçil KIZILKAYA YILDIZ | EVP / Financial Analysis and Valuation, Engineering, Economic Research, Sectoral Research, Mergers and Acquisition Advisory, Capital Markets Advisory, Financial Advisory, Corporate Communications, Sustainability and Environmental Social Impact Management | 08.03.2019      | Bachelor's Degree | 24                                   |
| Emine Özlem CİNEMRE    | EVP / Treasury, Development Finance ve Financial Institutions <sup>(*)</sup> , 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.

**TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.**  
**Notes to the Unconsolidated Financial Statements as of 31 December 2023**  
(Thousands of Turkish Lira (TL) unless otherwise stated)  
**SECTION ONE (Continued)**

**GENERAL INFORMATION (Continued)**

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

**Chief Internal Inspector:**

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

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

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

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

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

As an investment and development bank of Türkiye Kalkınma ve Yatırım Bankası A.Ş.'s operating areas are supporting investments and projects for sustainable growth, ensuring the efficient use of capital and fund resources, financing domestic, international and international joint investments, and profit partnership or lease-based loan transactions by using modern development and investment banking tools in line with our country's development goals, to ensure that all development and investment banking functions can be performed in a competitive, dynamic and effective manner. As of 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 Bank has participated 100% in Kalkınma Yatırım Varlık Kiralama Anonim Şirketi established on 28 May 2020 with a nominal capital of TL 50 and a 100% participation in the Kalkınma Girişim Sermayesi Portföy Yönetimi Anonim Şirketi established on 17 November 2020 with a nominal capital of TL 1.800.

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

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

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

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

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

## **SECTION TWO**

### **UNCONSOLIDATED FINANCIAL STATEMENTS**

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

**TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.**
**Unconsolidated Balance Sheet (Statement of Financial Position) as of 31 December 2023**

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

| I. BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)  | Notes<br>(Section<br>Five I) | Audited<br>Current Period<br>31 December 2023 |                   |                    | Audited<br>Prior Period<br>31 December 2022 |                   |                    |
|---|------------------------------|---|-------------------|--------------------|---|-------------------|--------------------|
|   |                              | TL  | FC                | TOTAL              | TL  | FC                | TOTAL              |
| <b>ASSETS</b>   |                              |   |                   |                    |   |                   |                    |
| <b>I. FINANCIAL ASSETS (NET)</b>  | <b>(1)</b>                   | <b>22.296.189</b>                             | <b>15.543.865</b> | <b>37.840.054</b>  | <b>18.032.182</b>                           | <b>6.310.761</b>  | <b>24.342.943</b>  |
| <b>1.1 Cash and Cash Equivalents</b>  |                              | <b>20.791.342</b>                             | <b>1.170.926</b>  | <b>21.962.268</b>  | <b>14.388.882</b>                           | <b>986.195</b>    | <b>15.375.077</b>  |
| 1.1.1 Cash and Balances with Central Bank   |                              | 2.560   | -                 | 2.560              | 835   | -                 | 835                |
| 1.1.2 Banks   |                              | 3.758.538                                     | 1.170.926         | 4.929.464          | 7.771.783                                   | 986.195           | 8.757.978          |
| 1.1.3 Money Markets   |                              | 17.046.025                                    | -                 | 17.046.025         | 6.634.417                                   | -                 | 6.634.417          |
| 1.1.4 Expected Loss Provision (-)   |                              | (15.781)                                      | -                 | (15.781)           | (18.153)                                    | -                 | (18.153)           |
| <b>1.2 Financial Assets Measured at Fair Value Through Profit or Loss</b>                   |                              | <b>318.816</b>                                | <b>272.639</b>    | <b>591.455</b>     | <b>132.363</b>                              | <b>157.466</b>    | <b>289.829</b>     |
| 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  |                              | -   | -                 | -                  | -   | -                 | -                  |
| <b>1.3 Financial Assets Measured at Fair Value Through Other Comprehensive Income</b>       |                              | <b>1.120.503</b>                              | <b>14.100.112</b> | <b>15.220.615</b>  | <b>3.479.843</b>                            | <b>5.167.100</b>  | <b>8.646.943</b>   |
| 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          |
| <b>1.4 Derivative Financial Assets</b>  |                              | <b>65.528</b>                                 | <b>188</b>        | <b>65.716</b>      | <b>31.094</b>                               | <b>-</b>          | <b>31.094</b>      |
| 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 |                              | -   | -                 | -                  | -   | -                 | -                  |
| <b>II. FINANCIAL ASSETS MEASURED AT AMORTISED COST (NET)</b>                                | <b>(2)</b>                   | <b>24.956.730</b>                             | <b>71.399.398</b> | <b>96.356.128</b>  | <b>12.915.909</b>                           | <b>53.876.990</b> | <b>66.792.899</b>  |
| <b>2.1 Loans</b>  |                              | <b>19.333.681</b>                             | <b>64.825.027</b> | <b>84.158.708</b>  | <b>10.460.592</b>                           | <b>49.879.703</b> | <b>60.340.295</b>  |
| <b>2.2 Lease Receivables</b>  |                              | <b>3</b>                                      | <b>-</b>          | <b>3</b>           | <b>1</b>                                    | <b>-</b>          | <b>1</b>           |
| <b>2.3 Factoring Receivables</b>  |                              | <b>-</b>                                      | <b>-</b>          | <b>-</b>           | <b>-</b>                                    | <b>-</b>          | <b>-</b>           |
| <b>2.4 Other Financial Assets Measured at Amortised Cost</b>                                |                              | <b>7.046.016</b>                              | <b>6.574.371</b>  | <b>13.620.387</b>  | <b>3.564.936</b>                            | <b>3.997.287</b>  | <b>7.562.223</b>   |
| 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  |                              | -   | 60.447            | 60.447             | -   | -                 | -                  |
| <b>2.5 Expected Loss Provision (-)</b>  |                              | <b>(1.422.970)</b>                            | <b>-</b>          | <b>(1.422.970)</b> | <b>(1.109.620)</b>                          | <b>-</b>          | <b>(1.109.620)</b> |
| <b>III. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)</b>                | <b>(3)</b>                   | <b>-</b>                                      | <b>-</b>          | <b>-</b>           | <b>-</b>                                    | <b>-</b>          | <b>-</b>           |
| 3.1 Held for Sale Purpose   |                              | -   | -                 | -                  | -   | -                 | -                  |
| 3.2 Related to Discontinued Operations  |                              | -   | -                 | -                  | -   | -                 | -                  |
| <b>IV. EQUITY INVESTMENTS</b>   | <b>(4)</b>                   | <b>27.332</b>                                 | <b>-</b>          | <b>27.332</b>      | <b>14.636</b>                               | <b>-</b>          | <b>14.636</b>      |
| <b>4.1 Associates (Net)</b>   |                              | <b>10.586</b>                                 | <b>-</b>          | <b>10.586</b>      | <b>10.586</b>                               | <b>-</b>          | <b>10.586</b>      |
| 4.1.1 Associates Accounted Based on Equity Method   |                              | -   | -                 | -                  | -   | -                 | -                  |
| 4.1.2 Unconsolidated Financial Subsidiaries   |                              | 10.586  | -                 | 10.586             | 10.586                                      | -                 | 10.586             |
| <b>4.2 Subsidiaries (Net)</b>   |                              | <b>16.746</b>                                 | <b>-</b>          | <b>16.746</b>      | <b>4.050</b>                                | <b>-</b>          | <b>4.050</b>       |
| 4.2.1 Unconsolidated Financial Subsidiaries   |                              | 16.746  | -                 | 16.746             | 4.050                                       | -                 | 4.050              |
| 4.2.2 Unconsolidated Non-Financial Subsidiaries   |                              | -   | -                 | -                  | -   | -                 | -                  |
| <b>4.3 Joint Ventures (Net)</b>   |                              | <b>-</b>                                      | <b>-</b>          | <b>-</b>           | <b>-</b>                                    | <b>-</b>          | <b>-</b>           |
| 4.3.1 Joint Ventures Accounted Based on Equity Method                                       |                              | -   | -                 | -                  | -   | -                 | -                  |
| 4.3.2 Unconsolidated Joint Ventures   |                              | -   | -                 | -                  | -   | -                 | -                  |
| <b>V. TANGIBLE ASSETS (Net)</b>   | <b>(6)</b>                   | <b>42.366</b>                                 | <b>-</b>          | <b>42.366</b>      | <b>88.099</b>                               | <b>-</b>          | <b>88.099</b>      |
| <b>VI. INTANGIBLE ASSETS (Net)</b>  | <b>(7)</b>                   | <b>32.252</b>                                 | <b>-</b>          | <b>32.252</b>      | <b>21.596</b>                               | <b>-</b>          | <b>21.596</b>      |
| 6.1 Goodwill  |                              | -   | -                 | -                  | -   | -                 | -                  |
| 6.2 Other   |                              | 32.252  | -                 | 32.252             | 21.596                                      | -                 | 21.596             |
| <b>VII. INVESTMENT PROPERTY (Net)</b>   | <b>(8)</b>                   | <b>-</b>                                      | <b>-</b>          | <b>-</b>           | <b>-</b>                                    | <b>-</b>          | <b>-</b>           |
| <b>VIII. CURRENT TAX ASSET</b>  | <b>(9)</b>                   | <b>-</b>                                      | <b>-</b>          | <b>-</b>           | <b>-</b>                                    | <b>-</b>          | <b>-</b>           |
| <b>IX. DEFERRED TAX ASSET</b>   | <b>(10)</b>                  | <b>322.823</b>                                | <b>-</b>          | <b>322.823</b>     | <b>168.840</b>                              | <b>-</b>          | <b>168.840</b>     |
| <b>X. OTHER ASSETS</b>  | <b>(11)</b>                  | <b>67.055</b>                                 | <b>159.464</b>    | <b>226.519</b>     | <b>50.761</b>                               | <b>118.378</b>    | <b>169.139</b>     |
| <b>TOTAL ASSETS</b>   |                              | <b>47.744.747</b>                             | <b>87.102.727</b> | <b>134.847.474</b> | <b>31.292.023</b>                           | <b>60.306.129</b> | <b>91.598.152</b>  |

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



**TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.**
**Unconsolidated Balance Sheet (Statement of Financial Position) as of 31 December 2023**

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

| I. BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)   | Notes<br>(Section<br>Five II) | Audited<br>Current Period<br>31 December 2023 |                   |                    | Audited<br>Prior Period<br>31 December 2022 |                   |                   |
|--|-------------------------------|---|-------------------|--------------------|---|-------------------|-------------------|
|  |                               | TL  | FC                | TOTAL              | TL  | FC                | TOTAL             |
| <b>LIABILITIES</b>   |                               |   |                   |                    |   |                   |                   |
| <b>I. DEPOSITS</b>   | (1)                           | -   | -                 | -                  | -   | -                 | -                 |
| <b>II. FUNDS BORROWED</b>  | (2)                           | 17.995.416                                    | 79.951.624        | 97.947.040         | 8.959.064                                   | 54.380.664        | 63.339.728        |
| <b>III. MONEY MARKET FUNDS</b>   | (3)                           | 2.884.276                                     | -                 | 2.884.276          | 2.960.566                                   | -                 | 2.960.566         |
| <b>IV. SECURITIES ISSUED (Net)</b>   | (4)                           | -   | 3.321.427         | 3.321.427          | -   | 2.018.433         | 2.018.433         |
| 4.1 Bills  |                               | -   | -                 | -                  | -   | -                 | -                 |
| 4.2 Asset Backed Securities  |                               | -   | -                 | -                  | -   | -                 | -                 |
| 4.3 Bonds  |                               | -   | 3.321.427         | 3.321.427          | -   | 2.018.433         | 2.018.433         |
| <b>V. FUNDS</b>  | (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         |
| <b>VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>  | (6)                           | -   | -                 | -                  | -   | -                 | -                 |
| <b>VII. DERIVATIVE FINANCIAL LIABILITIES</b>   | (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                          |                               | -   | -                 | -                  | -   | -                 | -                 |
| <b>VIII. FACTORING LIABILITIES</b>   | (8)                           | -   | -                 | -                  | -   | -                 | -                 |
| <b>IX. LEASE LIABILITIES (Net)</b>   | (9)                           | 20.737  | -                 | 20.737             | 22.889                                      | -                 | 22.889            |
| <b>X. PROVISIONS</b>   | (11)                          | 428.541                                       | -                 | 428.541            | 164.441                                     | -                 | 164.441           |
| 10.1 Restructuring Provisions  |                               | -   | -                 | -                  | -   | -                 | -                 |
| 10.2 Reserve for Employee Benefits   |                               | 266.464                                       | -                 | 266.464            | 112.491                                     | -                 | 112.491           |
| 10.3 Insurance Technical Provisions (Net)  |                               | -   | -                 | -                  | -   | -                 | -                 |
| 10.4 Other Provisions  |                               | 162.077                                       | -                 | 162.077            | 51.950                                      | -                 | 51.950            |
| <b>XI. CURRENT TAX LIABILITY</b>   | (12)                          | 545.981                                       | -                 | 545.981            | 286.521                                     | -                 | 286.521           |
| <b>XII. DEFERRED TAX LIABILITY</b>   | (13)                          | -   | -                 | -                  | -   | -                 | -                 |
| <b>XIII. LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)</b> | (14)                          | -   | -                 | -                  | -   | -                 | -                 |
| 13.1 Held for Sale Purpose   |                               | -   | -                 | -                  | -   | -                 | -                 |
| 13.2 Related to Discontinued Operations  |                               | -   | -                 | -                  | -   | -                 | -                 |
| <b>XIV. SUBORDINATED DEBT INSTRUMENTS</b>  | (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  |                               | -   | -                 | -                  | -   | -                 | -                 |
| <b>XV. OTHER LIABILITIES</b>   | (16)                          | 477.019                                       | 345.013           | 822.032            | 268.330                                     | 316.544           | 584.874           |
| <b>XVI. SHAREHOLDERS' EQUITY</b>   | (17)                          | 10.795.135                                    | 87.350            | 10.882.485         | 6.855.301                                   | (11.919)          | 6.843.382         |
| 16.1 Paid-in capital   |                               | 2.500.000                                     | -                 | 2.500.000          | 2.500.000                                   | -                 | 2.500.000         |
| 16.2 Capital Reserves  |                               | 210.112                                       | -                 | 210.112            | 210.112                                     | -                 | 210.112           |
| 16.2.1 Share Premium   |                               | 4.038   | -                 | 4.038              | 4.038                                       | -                 | 4.038             |
| 16.2.2 Share Cancellation Profits  |                               | -   | -                 | -                  | -   | -                 | -                 |
| 16.2.3 Other Capital Reserves  |                               | 206.074                                       | -                 | 206.074            | 206.074                                     | -                 | 206.074           |
| 16.3 Accumulated Other Comprehensive Income or Loss that will not be Reclassified to Profit or Loss            |                               | (506)   | -                 | (506)              | (506)                                       | -                 | (506)             |
| 16.4 Accumulated Other Comprehensive Income or Loss that will be Reclassified to Profit or Loss                |                               | 72.986  | 87.350            | 160.336            | 176.527                                     | (11.919)          | 164.608           |
| 16.5 Profit Reserves   |                               | 3.969.168                                     | -                 | 3.969.168          | 2.277.800                                   | -                 | 2.277.800         |
| 16.5.1 Legal Reserves  |                               | 219.869                                       | -                 | 219.869            | 135.300                                     | -                 | 135.300           |
| 16.5.2 Status Reserves   |                               | -   | -                 | -                  | -   | -                 | -                 |
| 16.5.3 Extraordinary Reserves  |                               | 3.695.073                                     | -                 | 3.695.073          | 2.088.274                                   | -                 | 2.088.274         |
| 16.5.4 Other Profit Reserves   |                               | 54.226  | -                 | 54.226             | 54.226                                      | -                 | 54.226            |
| 16.6 Profit or (Loss)  |                               | 4.043.375                                     | -                 | 4.043.375          | 1.691.368                                   | -                 | 1.691.368         |
| 16.6.1 Prior Periods' Profit or (Loss)   |                               | -   | -                 | -                  | -   | -                 | -                 |
| 16.6.2 Current Period Profit or (Loss)   |                               | 4.043.375                                     | -                 | 4.043.375          | 1.691.368                                   | -                 | 1.691.368         |
| <b>TOTAL LIABILITIES</b>   |                               | <b>39.551.438</b>                             | <b>95.296.036</b> | <b>134.847.474</b> | <b>27.987.330</b>                           | <b>63.610.822</b> | <b>91.598.152</b> |

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

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

| II.         | STATEMENT OF OFF-BALANCE SHEET ACCOUNTS                          | Notes<br>(Section<br>Five III) | Audited<br>Current Period<br>31 December 2023 |                    |                    | Audited<br>Prior Period<br>31 December 2022 |                    |                    |
|-------------|--|--------------------------------|---|--------------------|--------------------|---|--------------------|--------------------|
|             |  |                                | TL  | FC                 | Total              | TL  | FC                 | Total              |
| <b>A.</b>   | <b>OFF-BALANCE SHEET COMMITMENTS (I+II+III)</b>                  |                                | <b>11.876.311</b>                             | <b>24.568.607</b>  | <b>36.444.918</b>  | <b>15.895.680</b>                           | <b>24.864.825</b>  | <b>40.760.505</b>  |
| <b>I.</b>   | <b>GUARANTEES AND WARRANTIES</b>                                 | <b>(1)</b>                     | <b>84.924</b>                                 | <b>4.669.416</b>   | <b>4.754.340</b>   | <b>72.418</b>                               | <b>2.969.043</b>   | <b>3.041.461</b>   |
| 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  |                                | -   | -                  | -                  | -   | -                  | -                  |
| <b>II.</b>  | <b>COMMITMENTS</b>   | <b>(1,3)</b>                   | <b>1.656.171</b>                              | <b>7.929.901</b>   | <b>9.586.072</b>   | <b>4.274.782</b>                            | <b>8.176.009</b>   | <b>12.450.791</b>  |
| 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                                      |                                | -   | -                  | -                  | -   | -                  | -                  |
| <b>III.</b> | <b>DERIVATIVE FINANCIAL INSTRUMENTS</b>                          | <b>(2)</b>                     | <b>10.135.216</b>                             | <b>11.969.290</b>  | <b>22.104.506</b>  | <b>11.548.480</b>                           | <b>13.719.773</b>  | <b>25.268.253</b>  |
| 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>B.</b>   | <b>CUSTODY AND PLEDGES RECEIVED (IV+V+VI)</b>                    |                                | <b>131.922.770</b>                            | <b>446.065.549</b> | <b>577.988.319</b> | <b>34.846.478</b>                           | <b>138.878.523</b> | <b>173.725.001</b> |
| <b>IV.</b>  | <b>ITEMS HELD IN CUSTODY</b>                                     |                                | <b>118.371</b>                                | <b>-</b>           | <b>118.371</b>     | <b>145.502</b>                              | <b>-</b>           | <b>145.502</b>     |
| 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   |                                | -   | -                  | -                  | -   | -                  | -                  |
| <b>V.</b>   | <b>PLEDGES RECEIVED</b>  |                                | <b>131.804.399</b>                            | <b>446.065.549</b> | <b>577.869.948</b> | <b>34.700.976</b>                           | <b>138.878.523</b> | <b>173.579.499</b> |
| 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          |
| <b>VI.</b>  | <b>ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES</b>            |                                | <b>-</b>                                      | <b>-</b>           | <b>-</b>           | <b>-</b>                                    | <b>-</b>           | <b>-</b>           |
|             | <b>TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)</b>                 |                                | <b>143.799.081</b>                            | <b>470.634.156</b> | <b>614.433.237</b> | <b>50.742.158</b>                           | <b>163.743.348</b> | <b>214.485.506</b> |

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

**TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.**  
**Unconsolidated Statement of Profit or Loss for the Period Ended 31 December 2023**  
(Thousands of Turkish Lira (TL) unless otherwise stated)

| III. STATEMENT OF PROFIT OR LOSS   | Note<br>(Section<br>Five IV) | Audited  |  |
|--|------------------------------|--|--|
|  |                              | Current Period<br>1 January-<br>31 December 2023 | Prior Period<br>1 January-<br>31 December 2022 |
| <b>INCOME AND EXPENSE ITEMS</b>  |                              |  |  |
| <b>I. INTEREST INCOME</b>  | <b>(1)</b>                   | <b>16.174.559</b>                                | <b>6.493.201</b>                               |
| 1.1 Interest on Loans  |                              | 7.108.531  | 3.126.518                                      |
| 1.2 Interest on Reserve Requirements   |                              | -  | -  |
| 1.3 Interest on Banks  |                              | 2.855.021  | 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  |
| <b>II. INTEREST EXPENSE (-)</b>  | <b>(2)</b>                   | <b>(8.654.204)</b>                               | <b>(3.490.219)</b>                             |
| 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  |                              | (528.595)  | (271.274)                                      |
| 2.4 Interest on Securities Issued  |                              | (182.028)  | (27.463)                                       |
| 2.5 Measured at Amortised Expense  |                              | (2.908)  | (2.302)  |
| 2.6 Other Interest Expenses  |                              | (711.996)  | (241.415)                                      |
| <b>III. NET INTEREST INCOME (I - II)</b>   |                              | <b>7.520.355</b>                                 | <b>3.002.982</b>                               |
| <b>IV. NET FEES AND COMMISSIONS INCOME</b>   |                              | <b>109.072</b>                                   | <b>69.021</b>                                  |
| 4.1 Fees and Commissions Received  |                              | 154.721  | 91.200   |
| 4.1.1 Non-cash Loans   |                              | 90.520   | 59.206   |
| 4.1.2 Other  | <b>(13)</b>                  | 64.201   | 31.994   |
| 4.2 Fees and Commissions Paid  |                              | (45.649)   | (22.179)                                       |
| 4.2.1 Non-cash Loans   |                              | (14)   | -  |
| 4.2.2 Other  | <b>(13)</b>                  | (45.635)   | (22.179)                                       |
| <b>V. DIVIDEND INCOME</b>  | <b>(3)</b>                   | <b>22.876</b>                                    | <b>47.940</b>                                  |
| <b>VI. TRADING PROFIT / (LOSS) (Net)</b>   | <b>(4)</b>                   | <b>(603.506)</b>                                 | <b>53.886</b>                                  |
| 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)  |                              | (2.752.081)                                      | (340.680)                                      |
| <b>VII. OTHER OPERATING INCOME</b>   | <b>(5)</b>                   | <b>218.105</b>                                   | <b>145.149</b>                                 |
| <b>VIII. GROSS OPERATING INCOME (III+IV+V+VI+VII)</b>  |                              | <b>7.266.902</b>                                 | <b>3.318.978</b>                               |
| <b>IX. EXPECTED CREDIT LOSS (-)</b>  | <b>(6)</b>                   | <b>(492.033)</b>                                 | <b>(495.232)</b>                               |
| <b>X. OTHER PROVISION EXPENSE (-)</b>  | <b>(6)</b>                   | <b>(348.006)</b>                                 | <b>(186.778)</b>                               |
| <b>XI. PERSONNEL EXPENSE (-)</b>   |                              | <b>(430.335)</b>                                 | <b>(209.765)</b>                               |
| <b>XII. OTHER OPERATING EXPENSES (-)</b>   | <b>(7)</b>                   | <b>(353.921)</b>                                 | <b>(106.593)</b>                               |
| <b>XIII. NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)</b>  |                              | <b>5.642.607</b>                                 | <b>2.320.610</b>                               |
| <b>XIV. EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD</b> |                              | -  | -  |
| <b>XV. INCOME/(LOSS) ON NET MONETARY POSITION</b>  |                              | -  | -  |
| <b>XVII. PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XIII+...+XVI)</b>   |                              | <b>5.642.607</b>                                 | <b>2.320.610</b>                               |
| <b>XVIII. TAX PROVISION FOR CONTINUED OPERATIONS (±)</b>   | <b>(9)</b>                   | <b>(1.599.232)</b>                               | <b>(629.242)</b>                               |
| 18.1 Current Tax Provision   |                              | (1.762.541)                                      | (770.809)                                      |
| 18.2 Deferred Tax Income Effect (+)  |                              | -  | -  |
| 18.3 Deferred Tax Expense Effect (-)   |                              | 163.309  | 141.567  |
| <b>XIX. CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XVII±XVIII)</b>  | <b>(10)</b>                  | <b>4.043.375</b>                                 | <b>1.691.368</b>                               |
| <b>XX. INCOME FROM DISCONTINUED OPERATIONS</b>   | <b>(11)</b>                  | -  | -  |
| 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   |                              | -  | -  |
| <b>XXI. EXPENSES FOR DISCONTINUED OPERATIONS (-)</b>   |                              | -  | -  |
| 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  |                              | -  | -  |
| <b>PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XX-XXI)</b>  |                              | -  | -  |
| <b>XXII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>   |                              | -  | -  |
| 22.1 Current Tax Provision   |                              | -  | -  |
| 22.2 Deferred Tax Expense Effect (+)   |                              | -  | -  |
| 22.3 Deferred Tax Income Effect (-)  |                              | -  | -  |
| <b>CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)</b>  |                              | -  | -  |
| <b>XXIV. NET PROFIT/(LOSS) (XIX+XXIV)</b>  | <b>(12)</b>                  | <b>4.043.375</b>                                 | <b>1.691.368</b>                               |
| 25.1 Earning/(Loss) per share (in TL full)   |                              | 0,016  | 0,008  |

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

**TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.**  
**Unconsolidated Statement of Profit or Loss and Other Comprehensive Income**  
**for the Period Ended 31 December 2023**  
(Thousands of Turkish Lira (TL) unless otherwise stated)

| <b>IV. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME</b>   |  | <b>Audited<br/>Current Period<br/>1 January-31 December 2023</b> | <b>Audited<br/>Prior Period<br/>1 January-31 December 2022</b> |
|---|--|--|--|
| <b>I. CURRENT PERIOD PROFIT/LOSS</b>  |  | <b>4,043.375</b>   | <b>1.691.368</b>   |
| <b>II. OTHER COMPREHENSIVE INCOME</b>   |  | <b>(4.272)</b>   | <b>188.359</b>   |
| <b>2.1 Not Reclassified to Profit or Loss</b>   |  | <b>-</b>   | <b>492</b>   |
| 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)  |
| <b>2.2 Reclassified to Profit or Loss</b>   |  | <b>(4.272)</b>   | <b>187.867</b>   |
| 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)   |
| <b>III. TOTAL COMPREHENSIVE INCOME (I+II)</b>   |  | <b>4.039.103</b>   | <b>1.879.727</b>   |

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

**TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.**

**Unconsolidated Statement of Changes in Shareholders' Equity for the Period Ended 31 December 2023**

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

| V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY |   | Paid-in Capital | Share Premium | Share Certificate Cancel Profits | Other Capital Reserves | Other Comprehensive Income/Expense Items not to be Reclassified to Profit or Loss |       |   |   |          |        | Profit Reserves | Prior Period Net Income/(Loss) | Current Period Net Income/(Loss) | Total Equity |
|---|---|-----------------|---------------|----------------------------------|------------------------|---|-------|---|---|----------|--------|-----------------|--------------------------------|----------------------------------|--------------|
|   |   |                 |               |                                  |                        | Other Comprehensive Income/Expense Items not to be Reclassified to Profit or Loss |       |   | Other Comprehensive Income/Expense Items to be Reclassified to Profit or Loss |          |        |                 |                                |                                  |              |
|   |   |                 |               |                                  |                        | 1   | 2     | 3 | 4   | 5        | 6      |                 |                                |                                  |              |
|   | Prior Period<br>31 December 2022                  |                 |               |                                  |                        |   |       |   |   |          |        |                 |                                |                                  |              |
| I.  | Balance at the beginning of the period            | 2.000.000       | 3.747         | -                                | 206.074                | -   | (998) | - | -   | (23.259) | -      | 1.463.876       | 813.924                        | -                                | 4.463.364    |
| II.   | Adjustment in accordance with TAS 8               | -               | -             | -                                | -                      | -   | -     | - | -   | -        | -      | -               | -                              | -                                | -            |
| 2.1   | Effect of adjustment                              | -               | -             | -                                | -                      | -   | -     | - | -   | -        | -      | -               | -                              | -                                | -            |
| 2.2   | Effect of changes in accounting policies          | -               | -             | -                                | -                      | -   | -     | - | -   | -        | -      | -               | -                              | -                                | -            |
| III.  | New balance (I+II)                                | 2.000.000       | 3.747         | -                                | 206.074                | -   | (998) | - | -   | (23.259) | -      | 1.463.876       | 813.924                        | -                                | 4.463.364    |
| IV.   | Total comprehensive income (loss)                 | -               | -             | -                                | -                      | -   | 492   | - | -   | 186.400  | 1.467  | -               | -                              | 1.691.368                        | 1.879.727    |
| V.  | Capital increase in cash                          | 500.000         | 291           | -                                | -                      | -   | -     | - | -   | -        | -      | -               | -                              | -                                | 500.291      |
| VI.   | Capital increase through internal reserves        | -               | -             | -                                | -                      | -   | -     | - | -   | -        | -      | -               | -                              | -                                | -            |
| VII.  | Issued capital inflation adjustment difference    | -               | -             | -                                | -                      | -   | -     | - | -   | -        | -      | -               | -                              | -                                | -            |
| VIII  | Convertible bonds                                 | -               | -             | -                                | -                      | -   | -     | - | -   | -        | -      | -               | -                              | -                                | -            |
| IX.   | Subordinated debt                                 | -               | -             | -                                | -                      | -   | -     | - | -   | -        | -      | -               | -                              | -                                | -            |
| X.  | Increase (decrease) through other changes, equity | -               | -             | -                                | -                      | -   | -     | - | -   | -        | -      | -               | -                              | -                                | -            |
| XI.   | Profit distribution                               | -               | -             | -                                | -                      | -   | -     | - | -   | -        | -      | 813.924         | (813.924)                      | -                                | -            |
| 11.1  | Dividends distributed                             | -               | -             | -                                | -                      | -   | -     | - | -   | -        | -      | -               | -                              | -                                | -            |
| 11.2  | Transfers to legal reserves                       | -               | -             | -                                | -                      | -   | -     | - | -   | -        | -      | 813.924         | (813.924)                      | -                                | -            |
| 11.3  | Other   | -               | -             | -                                | -                      | -   | -     | - | -   | -        | -      | -               | -                              | -                                | -            |
| Balances (III+IV+.....+X+XI)                    |   | 2.500.000       | 4.038         | -                                | 206.074                | -   | (506) | - | -   | 163.141  | 1.467  | 2.277.800       | -                              | 1.691.368                        | 6.843.382    |
|   | Current Period<br>31 December 2023                |                 |               |                                  |                        |   |       |   |   |          |        |                 |                                |                                  |              |
| I.  | Balance at the beginning of the period            | 2.500.000       | 4.038         | -                                | 206.074                | -   | (506) | - | -   | 163.141  | 1.467  | 2.277.800       | 1.691.368                      | -                                | 6.843.382    |
| II.   | Adjustment in accordance with TAS 8               | -               | -             | -                                | -                      | -   | -     | - | -   | -        | -      | -               | -                              | -                                | -            |
| 2.1   | Effect of adjustment                              | -               | -             | -                                | -                      | -   | -     | - | -   | -        | -      | -               | -                              | -                                | -            |
| 2.2   | Effect of changes in accounting policies          | -               | -             | -                                | -                      | -   | -     | - | -   | -        | -      | -               | -                              | -                                | -            |
| III.  | New balance (I+II)                                | 2.500.000       | 4.038         | -                                | 206.074                | -   | (506) | - | -   | 163.141  | 1.467  | 2.277.800       | 1.691.368                      | -                                | 6.843.382    |
| IV.   | Total comprehensive income (loss)                 | -               | -             | -                                | -                      | -   | -     | - | -   | (13.736) | 9.464  | -               | -                              | 4.043.375                        | 4.039.103    |
| V.  | Capital increase in cash                          | -               | -             | -                                | -                      | -   | -     | - | -   | -        | -      | -               | -                              | -                                | -            |
| VI.   | Capital increase through internal reserves        | -               | -             | -                                | -                      | -   | -     | - | -   | -        | -      | -               | -                              | -                                | -            |
| VII.  | Issued capital inflation adjustment difference    | -               | -             | -                                | -                      | -   | -     | - | -   | -        | -      | -               | -                              | -                                | -            |
| VIII  | Convertible bonds                                 | -               | -             | -                                | -                      | -   | -     | - | -   | -        | -      | -               | -                              | -                                | -            |
| IX.   | Subordinated debt                                 | -               | -             | -                                | -                      | -   | -     | - | -   | -        | -      | -               | -                              | -                                | -            |
| X.  | Increase (decrease) through other changes, equity | -               | -             | -                                | -                      | -   | -     | - | -   | -        | -      | -               | -                              | -                                | -            |
| XI.   | Profit distribution                               | -               | -             | -                                | -                      | -   | -     | - | -   | -        | -      | 1.691.368       | (1.691.368)                    | -                                | -            |
| 11.1  | Dividends distributed                             | -               | -             | -                                | -                      | -   | -     | - | -   | -        | -      | -               | -                              | -                                | -            |
| 11.2  | Transfers to legal reserves                       | -               | -             | -                                | -                      | -   | -     | - | -   | -        | -      | -               | -                              | -                                | -            |
| 11.3  | Other   | -               | -             | -                                | -                      | -   | -     | - | -   | -        | -      | 1.691.368       | (1.691.368)                    | -                                | -            |
| Balances (III+IV+.....+X+XI)                    |   | 2.500.000       | 4.038         | -                                | 206.074                | -   | (506) | - | -   | 149.405  | 10.931 | 3.969.168       | -                              | 4.043.375                        | 10.882.485   |

1. Accumulated revaluation increases/decreases of fixed assets,

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

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

4. Foreign currency translation differences,

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

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

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

**TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.**  
**Unconsolidated Statement of Cash Flows for the Period Ended 31 December 2023**  
(Thousands of Turkish Lira (TL) unless otherwise stated)

| <b>VI. STATEMENT OF CASH FLOWS</b>   |                                       |  |  |
|--|---------------------------------------|--|--|
|  | <b>Note<br/>(Section<br/>Five IV)</b> | <b>Audited<br/>Current Period<br/>1 January-31 December 2023</b> | <b>Audited<br/>Prior Period<br/>1 January-31 December 2022</b> |
| <b>A. CASH FLOWS FROM BANKING OPERATIONS</b>   |                                       |  |  |
| <b>1.1 Operating Profit Before Changes in Operating Assets and Liabilities</b>               | <b>(1)</b>                            | <b>4.037.666</b>   | <b>1.292.511</b>   |
| 1.1.1 Interest Received  |                                       | 12.828.693   | 4.711.586  |
| 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  |                                       | (515.116)  | (246.148)  |
| 1.1.8 Taxes Paid   |                                       | (1.579.730)  | (531.630)  |
| 1.1.9 Other  | <b>(1)</b>                            | <b>(1.130.069)</b>   | <b>(1.101.666)</b>   |
| <b>1.2 Changes in Operating Assets and Liabilities</b>                                       | <b>(1)</b>                            | <b>3.966.737</b>   | <b>10.431.331</b>  |
| 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  | <b>(1)</b>                            | <b>(3.479.967)</b>   | <b>8.766.654</b>   |
| <b>I. Net Cash Provided from Banking Operations</b>  | <b>(1)</b>                            | <b>8.004.403</b>   | <b>11.723.842</b>  |
| <b>B. CASH FLOWS FROM INVESTMENT ACTIVITIES</b>  |                                       |  |  |
| <b>II. Net Cash Provided from Investing Activities</b>                                       |                                       | <b>(3.907.441)</b>   | <b>(5.244.608)</b>   |
| 2.1 Cash paid for acquisition of investments, associates and subsidiaries                    |                                       | (6.536)  | -  |
| 2.2 Cash obtained from disposal of investments, associates and subsidiaries                  |                                       | -  | -  |
| 2.3 Purchases of property and equipment  |                                       | (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                                  |                                       | (2.499.330)  | (2.350.640)  |
| 2.8 Sale of Financial Assets Measured at Amortised Cost                                      |                                       | 837.510  | -  |
| 2.9 Other  |                                       | 379.324  | (4.967)  |
| <b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>   |                                       |  |  |
| <b>III. Net Cash Provided from Financing Activities</b>                                      | <b>(1)</b>                            | <b>(16.442)</b>  | <b>3.791.024</b>   |
| 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  |                                       | (16.442)   | (9.297)  |
| 3.6 Other  |                                       | -  | -  |
| <b>IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents</b>            | <b>(1)</b>                            | <b>2.022.255</b>   | <b>766.822</b>   |
| <b>V. Net Decrease/ Increase in Cash and Cash Equivalents (I+II+III+IV)</b>                  |                                       | <b>6.102.775</b>   | <b>11.037.080</b>  |
| <b>VI. Cash and Cash Equivalents at the Beginning of the Period</b>                          | <b>(2)</b>                            | <b>15.299.325</b>  | <b>4.262.245</b>   |
| <b>VII. Cash and Cash Equivalents at the End of the Period</b>                               | <b>(3)</b>                            | <b>21.402.100</b>  | <b>15.299.325</b>  |

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



**TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.**
**Statement of Profit Distribution for the Period Ended 31 December 2023**

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

| VII. STATEMENT OF PROFIT DISTRIBUTION |  |   |  |
|---------------------------------------|--|---|--|
|                                       |  | Audited                                   | Audited                                    |
|                                       |  | Current Period                            | Prior Period                               |
|                                       |  | 1 January-31 December 2023 <sup>(*)</sup> | 1 January-31 December 2022 <sup>(**)</sup> |
| <b>I.</b>                             | <b>DISTRIBUTION OF CURRENT YEAR INCOME</b>                       |   |  |
| 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 withholding tax   | -   | -  |
| 1.2.3                                 | Other taxes and duties   | 163.309                                   | 141.567                                    |
| <b>A.</b>                             | <b>NET INCOME FOR THE YEAR (1.1-1.2)</b>                         | <b>4.043.375</b>                          | <b>1.691.368</b>                           |
| 1.3                                   | PRIOR YEARS LOSSES (-)   | -   | -  |
| 1.4                                   | FIRST LEGAL RESERVES (-)   | -   | (84.569)                                   |
| 1.5                                   | OTHER STATUTORY RESERVES (-)                                     | -   | -  |
| <b>B.</b>                             | <b>NET INCOME AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5))]</b> | <b>4.043.375</b>                          | <b>1.606.799</b>                           |
| 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 <sup>(**)</sup>                                 | -   | 1.606.799                                  |
| 1.13                                  | OTHER RESERVES   | -   | -  |
| 1.14                                  | SPECIAL FUNDS  | -   | -  |
| <b>II.</b>                            | <b>DISTRIBUTION OF RESERVES</b>                                  |   |  |
| 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 (-)                              | -   | -  |
| <b>III.</b>                           | <b>EARNINGS PER SHARE<sup>(***)</sup></b>                        |   |  |
| 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 (%)                               | -   | -  |
| <b>IV.</b>                            | <b>DIVIDEND PER SHARE</b>  |   |  |
| 4.1                                   | TO OWNERS OF ORDINARY SHARES                                     | -   | -  |
| 4.2                                   | TO OWNERS OF ORDINARY SHARES (%)                                 | -   | -  |
| 4.3                                   | TO OWNERS OF PRIVILEGED SHARES                                   | -   | -  |
| 4.4                                   | TO OWNERS OF PRIVILEGED SHARES ( % )                             | -   | -  |

(\*) Since the dividend distribution proposal for 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 and “Communiqué on Disclosures About Risk Management to be Announced to Public by Banks” published in the Official Gazette numbered 29511, dated 23 October 2015 and amendments and changes to these communiqués.

**b. Changes in accounting policies and disclosures:**

In the announcement dated 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 TAS 29. For this reason, no inflation adjustment was made in accordance with TAS 29 while preparing the Bank's financial statements dated 31 December 2023.

**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 IX “Explanations on Impairment of Financial Assets”.

**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

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

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

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

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

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

During the utilization of the funds obtained, the Bank pays attention for utilization of loans in line with borrowing conditions while taking assets-liability mismatch into account, and tries to avoid maturity, exchange rate and liquidity risks. Exchange rate risk, interest rate risk and liquidity risk are measured and monitored on a regular basis, necessary measures are taken as a result of changes in the market data and balance sheet management is performed within the predetermined risk limits and legal limits. A non-speculative exchange rate position risk management is applied to limit the Bank’s exchange rate risk. For that reason, during the determination of the allocation of balance sheet and off-balance sheet assets according to currencies, foreign currency management policy is applied in the most effective way.

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

**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

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

During foreign currency transactions, procedures detailed below are applied.

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

**IV. Explanations on Associates and Subsidiaries:**

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

**V. Explanations on Futures, Option Contracts and Derivative Instruments:**

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

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

**VI. Explanations on Interest Income and Expenses:**

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

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

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

**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**VII. Explanations on Fees and Commission Income and Expenses:**

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

**VIII. Explanations on Financial Assets:**

Financial assets mainly constitute the Bank's commercial activities and operations. These instruments have the ability to expose, affect and diminish the liquidity, credit and interest rate risks in the financial statements. The Bank adds its financial assets to the financial statements in accordance with the provisions of the "Importing and Excluding the Financial Statements" section of the TFRS 9 Standard and subtracts them from the financial statements.

Financial assets are included in the statement of financial status when they become a party to the terms of the contract related to the financial asset and measured at fair value for the first time (excluding trade receivables under TFRS 15 Customer Contracts Revenue).

In accordance with the classification provisions of the TFRS 9 Financial Instruments Standard, on the basis of the following matters financial assets are measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss by:

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

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

**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**VIII. Explanations on Financial Assets (Continued):**

***Financial Assets Measured at Fair Value through Profit and Loss:***

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

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

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

***Financial Assets Measured at Fair Value Through Other Comprehensive Income:***

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

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

In the case a price does not occur in an active market, it is accepted that fair value cannot be reliably determined and amortised cost which is calculated by using the effective interest rate method is accepted as the fair value. The difference between the cost and fair value is accounted as interest income accrual or impairment loss. Interest income for financial assets measured at fair value through other comprehensive income with fixed or floating interest rate shows the difference between cost and amortised cost calculated by using the effective interest rate method and accounted for as interest income from marketable securities.

Unrealized gains and losses arising from changes in fair value of the financial assets measured at fair value through other comprehensive income and which are denoting the difference between fair value and amortised cost of financial assets, are recognized in the “Accumulated Other Comprehensive Income or Loss that will be Reclassified to Profit or Loss” and amounts accounted for under equity are reflected to 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)**

**VIII. 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 period's profit/loss. Dividends from such investments are included in the financial statements as profit or loss unless they are explicitly a part of the investment cost recovery. TFRS 9 impairment provisions are not valid for equity investments.

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

***Financial Investments Measured at Amortised Cost and Loans:***

***Financial Investments Measured at Amortised Cost***

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

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

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

***Loans***

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

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

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

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

**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**VIII. Explanations on Financial Assets (Continued):**

*Loans (Continued)*

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

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

***Cash and Cash Equivalents:***

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

**IX. Explanations on Impairment of Financial Assets:**

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

Expected credit loss (ECL) model is used for instruments (such as bank deposits, loans and leasing receivables) recorded in 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 Bank's historical data is modeled, and the expected loss amount is calculated for each loan. Since the expected loss represents the future value, the present value of this amount is calculated with the discounting factor.

**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

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

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

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

In the TFRS 9 impairment, a 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 the Bank to classify the assets in this portfolio under Stage 1 until an opposite assessment is made.

**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

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

**Significant Increase in Credit Risk (Continued)**

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

**Definition of Default**

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

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

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

**12-Month Expected Loss**

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

**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

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

**Lifetime Expected Loss**

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

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

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

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

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

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

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

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

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

**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**X. Explanations on Offsetting of Financial Assets and Liabilities:**

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

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

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

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

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

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

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

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

**SECTION THREE (Continued)****ACCOUNTING POLICIES (Continued)****XIII. Explanations on Goodwill and Other Intangible Assets:**

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

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

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

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

**XIV. Explanations on Tangible Fixed Assets:**

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

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

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

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

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

There 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.

**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**XV. Explanations on Leasing Transactions:**

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

**The Bank as a Lessee**

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

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

**The Bank as a Lessor**

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

**XVI. Explanations on Provisions and Contingent Liabilities:**

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

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

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



**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**XVII.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).

**XVIII. Explanations on Taxation:**

***Current Tax***

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

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

### **SECTION THREE (Continued)**

#### **ACCOUNTING POLICIES (Continued)**

##### **XVIII. Explanations on Taxation (Continued):**

###### ***Current Tax***

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

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

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

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.

**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**XVIII. Explanations on Taxation (Continued):**

***Current Tax (Continued)***

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. 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)**

**XIX. Additional Explanations on Borrowings:**

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

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

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

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

The Bank has not issued any convertible bonds.

**XX. Explanations on Shares Issued:**

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

**XXI. Explanations on Bill Guarantees and Acceptances:**

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

**XXII. Explanations on Government Incentives:**

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

**XXIII. 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.

|  | <b>Current Period<br/>(31.12.2023)</b> | <b>Prior Period<br/>(31.12.2022)</b> |
|--|--|--------------------------------------|
| Net Profit for the Period                                    | 4.043.375                              | 1.691.368                            |
| Weighted Average Number of Ordinary Shares Issued (Thousand) | 250.000.000                            | 200.547.945                          |
| Profit Per Share (in Full TL)                                | <b>0,01617</b>                         | <b>0,00843</b>                       |

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).

**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**XXIV. 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.

**XXV. Explanations on Segment Reporting:**

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

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

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

|   | <b>Investment<br/>Banking<br/>(Treasury)</b> | <b>Corporate<br/>Banking</b> | <b>Other</b>       | <b>Total<br/>Operations of<br/>the Bank</b> |
|---|--|------------------------------|--------------------|---|
| <b>Current Period (31.12.2023)</b>        |  |                              |                    |   |
| Net interest income/(expense)             | 7.848.796                                    | (325.604)                    | (2.837)            | 7.520.355                                   |
| Net fees and commissions income/(expense) | (28.017)                                     | 121.482                      | 15.607             | 109.072                                     |
| Other income                              | 2.045.721                                    | 325.686                      | 20.374             | 2.391.781                                   |
| Other expense                             | -  | (3.249.643)                  | (1.128.958)        | (4.378.601)                                 |
| Profit before tax                         | 9.866.500                                    | (3.128.079)                  | (1.095.814)        | 5.642.607                                   |
| Tax provision                             | -  | -                            | (1.599.232)        | (1.599.232)                                 |
| <b>Profit/(Loss)</b>                      | <b>9.866.500</b>                             | <b>(3.128.079)</b>           | <b>(2.695.046)</b> | <b>4.043.375</b>                            |
| <b>Current Period (31.12.2023)</b>        |  |                              |                    |   |
| Segment assets                            | 50.848.753                                   | 83.531.920                   | 439.469            | 134.820.142                                 |
| Associates and subsidiaries               | -  | 27.332                       | -                  | 27.332                                      |
| <b>Total Assets</b>                       | <b>50.848.753</b>                            | <b>83.559.252</b>            | <b>439.469</b>     | <b>134.847.474</b>                          |
| Segment liabilities                       | 6.038.036                                    | 116.163.142                  | 1.763.811          | 123.964.989                                 |
| Shareholders' equity                      | -  | -                            | 10.882.485         | 10.882.485                                  |
| <b>Total Liabilities</b>                  | <b>6.038.036</b>                             | <b>116.163.142</b>           | <b>12.646.296</b>  | <b>134.847.474</b>                          |

**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**XXV. Explanations on Segment Reporting (Continued):**

|   | <b>Investment<br/>Banking<br/>(Treasury)</b> | <b>Corporate<br/>Banking</b> | <b>Other</b>       | <b>Total<br/>Operations of<br/>the Bank</b> |
|---|--|------------------------------|--------------------|---|
| <b>Prior Period (31.12.2022)</b>          |  |                              |                    |   |
| Net interest income/(expense)             | 3.093.152                                    | (90.125)                     | (45)               | 3.002.982                                   |
| Net fees and commissions income/(expense) | (22.179)                                     | 81.658                       | 9.542              | 69.021                                      |
| Other income                              | 394.566                                      | 162.671                      | 30.418             | 587.655                                     |
| Other expense                             | (22.680)                                     | (900.183)                    | (416.185)          | (1.339.048)                                 |
| Profit before tax                         | 3.442.859                                    | (745.979)                    | (376.270)          | 2.320.610                                   |
| Tax provision                             | -  | -                            | (629.242)          | (629.242)                                   |
| <b>Profit/(Loss)</b>                      | <b>3.442.859</b>                             | <b>(745.979)</b>             | <b>(1.005.512)</b> | <b>1.691.368</b>                            |
| <b>Prior Period (31.12.2022)</b>          |  |                              |                    |   |
| Segment assets                            | 31.596.462                                   | 59.706.160                   | 280.894            | 91.583.516                                  |
| Associates and subsidiaries               | -  | 14.636                       | -                  | 14.636                                      |
| <b>Total Assets</b>                       | <b>31.596.462</b>                            | <b>59.720.796</b>            | <b>280.894</b>     | <b>91.598.152</b>                           |
| Segment liabilities                       | 2.971.723                                    | 80.773.867                   | 1.009.180          | 84.754.770                                  |
| Shareholders' equity                      | -  | -                            | 6.843.382          | 6.843.382                                   |
| <b>Total Liabilities</b>                  | <b>2.971.723</b>                             | <b>80.773.867</b>            | <b>7.852.562</b>   | <b>91.598.152</b>                           |

## SECTION FOUR

### INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT

#### I. Explanations Related to Equity:

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

The Bank’s equity amount as of 31 December 2023 is TL 19.763.573 (31 December 2022: TL 12.917.130) and its capital adequacy ratio is 16,86% (31 December 2022: 16,67%). The capital adequacy ratio of the Bank is above the minimum ratio determined by the relevant legislation.

#### Information on Equity Items:

| <b>Current Period (31.12.2023)</b>   | <b>Amount</b>     |
|--|-------------------|
| <b>Common Equity Tier I Capital</b>  |                   |
| Paid-in Capital to be Entitled for Compensation after All Creditors  | 2.706.074         |
| Share Premium  | 4.038             |
| Reserves   | 3.969.168         |
| Other Comprehensive Income according to TAS  | 208.244           |
| Profit   | 4.043.375         |
| Net profit for the period  | 4.043.375         |
| Retained Earnings  | -                 |
| Bonus Shares from Associates, Affiliates and Joint-Ventures not Accounted in Current Period's Profit   | 10.931            |
| <b>Common Equity Tier I Capital Before Deductions</b>  | <b>10.941.830</b> |
| <b>Deductions from Common Equity Tier I Capital</b>  |                   |
| 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  | 32.252            |
| 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  | -                 |

## SECTION FOUR (Continued)

## INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

## I. Explanations Related to Equity (Continued)

## Information on Equity Items (Continued):

|   |                   |
|---|-------------------|
| Securitization gains  | -                 |
| Unrealized gains and losses from changes in bank's liabilities' fair values due to changes in creditworthiness  | -                 |
| Net amount of defined benefit plans   | -                 |
| Direct and Indirect Investments of the Bank on its own Tier I Capital   | -                 |
| Shares Obtained against Article 56, Paragraph 4 of the Banking Law  | -                 |
| Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital | -                 |
| Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital | -                 |
| Mortgage Servicing Rights Exceeding the 10% Threshold of Tier I Capital   | -                 |
| Net Deferred Tax Assets arising from Temporary Differences Exceeding the 10% Threshold of Tier I Capital  | -                 |
| Amount Exceeding the 15% Threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks   | -                 |
| The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital not deducted from Tier I Capital               | -                 |
| Mortgage Servicing Rights not deducted  | -                 |
| Excess Amount arising from Deferred Tax Assets from Temporary Differences   | 322.823           |
| 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   | -                 |
| <b>Total Deductions From Common Equity Tier I Capital</b>   | <b>357.310</b>    |
| <b>Total Common Equity Tier I Capital</b>   | <b>10.584.520</b> |
| <b>ADDITIONAL TIER 1 CAPITAL</b>  | <b>-</b>          |
| 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)   | -                 |
| <b>Additional Tier 1 Capital Before Deductions</b>  | <b>6.384.375</b>  |
| <b>Deductions From Additional Tier 1 Capital</b>  | <b>-</b>          |
| Direct and Indirect Investments of the Bank on its own Additional Tier I Capital  | -                 |
| Investments made by the bank to equity items issued by banks and financial institutions investing in the additional capital items of the bank and meeting the conditions specified in Article 7 of the Regulation                 | -                 |
| The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital                | -                 |



**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)**

**I. Explanations Related to Equity (Continued)**

**Information on Equity Items (Continued):**

|   |                   |
|---|-------------------|
| Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank | -                 |
| Other items to be defined by the BRSA   | -                 |
| <b>Items to be Deducted from Tier I Capital during the Transition Period</b>  | -                 |
| 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 (-)   | -                 |
| <b>Total Deductions from Additional Tier I Capital</b>  | -                 |
| <b>Total Additional Tier I Capital</b>  | <b>6.384.375</b>  |
| <b>Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)</b>  | <b>16.968.895</b> |
| <b>TIER II CAPITAL</b>  |                   |
| 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)   | -                 |
| Provisions (Amounts explained in the first paragraph of the article 8 of the Regulation on Bank Capital)  | 967.062           |
| <b>Total Deductions from Tier II Capital</b>  | <b>2.794.678</b>  |
| <b>Deductions from Tier II Capital</b>  | -                 |
| Direct and Indirect Investments of the Bank on its own Tier II Capital (-)  | -                 |
| Investments in Equity Instruments Issued by Banks and Financial Institutions Invested in Bank's Tier II Capital and Having Conditions Stated in the Article 8 of the Regulation   | -                 |
| Total of Net Long Positions of the Investments in Equity Items of Non-Consolidated Banks and Financial Institutions where the Bank owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)   | -                 |
| The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital and Tier II Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital    | -                 |
| Other items to be defined by the BRSA (-)   | -                 |
| <b>Total Deductions from Tier II Capital</b>  | -                 |
| <b>Total Tier II Capital</b>  | <b>2.794.678</b>  |
| <b>Total Equity (Total Tier I and Tier II Capital)</b>  | <b>19.763.573</b> |
| <b>Total Tier I Capital and Tier II Capital ( Total Equity)</b>   |                   |
| Loans Granted against the Articles 50 and 51 of the Banking Law   | -                 |
| Net Book Values of Movables and Immovable Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years  | -                 |
| Other items to be Defined by the BRSA   | -                 |

**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)**

**I. Explanations Related to Equity (Continued)**

**Information on Equity Items (Continued):**

|   |                |
|---|----------------|
| <b>Items to be Deducted from the Sum of Tier I and Tier II Capital (Capital) During the Transition Period</b>   | <b>208.243</b> |
| The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation  | -              |
| The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation  | -              |
| The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital, of the Net Deferred Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation | -              |
| <b>CAPITAL</b>  |                |
| Total Capital ( Total of Tier I Capital and Tier II Capital )   | 19.763.573     |
| Total Risk Weighted Assets  | 117.205.130    |
| <b>CAPITAL ADEQUACY RATIOS</b>  |                |
| CET1 Capital Ratio (%)  | 9,03           |
| Tier I Capital Ratio (%)  | 14,48          |
| Capital Adequacy Ratio (%)  | 16,86          |
| <b>BUFFERS</b>  |                |
| 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   | -              |
| <b>Amounts Lower Than Excesses as per Deduction Rules</b>   | -              |
| Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital   | -              |
| Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital   | -              |

**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)**

**I. Explanations Related to Equity (Continued)**

**Information on Equity Items (Continued):**

|   |         |
|---|---------|
| Remaining Mortgage Servicing Rights   | -       |
| Net Deferred Tax Assets arising from Temporary Differences  | -       |
| <b>Limits for Provisions Used in Tier II Capital Calculation</b>  | -       |
| 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                                       | 386.085 |
| 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 | -       |
| <b>Debt Instruments Covered by Temporary Article 4 (effective between 1.1.2018-1.1.2022)</b>  | -       |
| Upper Limit for Additional Tier I Capital Items subject to Temporary Article 4  | -       |
| Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit   | -       |
| Upper Limit for Additional Tier II Capital Items subject to Temporary Article 4   | -       |
| Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit  | -       |

**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)**

**I. Explanations Related to Equity (Continued)**

**Information on Equity Items (Continued):**

| <b>Prior Period (31.12.2022)</b>   | <b>Amount</b>    |
|--|------------------|
| <b>Common Equity Tier I Capital</b>  |                  |
| Paid-in Capital to be Entitled for Compensation after All Creditors  | 2.706.074        |
| Share Premium  | 4.038            |
| Reserves   | 2.277.800        |
| Other Comprehensive Income according to TAS  | 231.407          |
| Profit   | 1.691.368        |
| Net profit for the period  | 1.691.368        |
| Retained Earnings  | -                |
| Bonus Shares from Associates, Affiliates and Joint-Ventures not Accounted in Current Period's Profit   | 1.467            |
| <b>Common Equity Tier I Capital Before Deductions</b>  | <b>6.912.154</b> |
| <b>Deductions from Common Equity Tier I Capital</b>  |                  |
| Valuation adjustments calculated as per the article 9. (i) of the Regulation on Bank Capital   | -                |
| Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS  | 18.975           |
| Leasehold Improvements on Operational Leases   | 2.128            |
| Goodwill Netted with Deferred Tax Liabilities  | -                |
| Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights  | 21.596           |
| 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  | -                |

**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)**

**I. Explanations Related to Equity (Continued)**

**Information on Equity Items (Continued):**

|   |                  |
|---|------------------|
| Direct and Indirect Investments of the Bank on its own Tier I Capital (-)   | -                |
| Shares Obtained against Article 56, Paragraph 4 of the Banking Law (-)  | -                |
| Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-) | -                |
| Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-) | -                |
| Mortgage Servicing Rights Exceeding the 10% Threshold of Tier I Capital (-)   | -                |
| Net Deferred Tax Assets arising from Temporary Differences Exceeding the 10% Threshold of Tier I Capital (-)  | -                |
| Amount Exceeding the 15% Threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)   | -                |
| The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital not deducted from Tier I Capital (-)               | -                |
| Mortgage Servicing Rights not deducted (-)  | -                |
| Excess Amount arising from Deferred Tax Assets from Temporary Differences (-)   | 168.840          |
| Other items to be Defined by the BRSA (-)   | -                |
| Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals (-)   | -                |
| <b>Total Deductions From Common Equity Tier I Capital</b>   | <b>211.539</b>   |
| <b>Total Common Equity Tier I Capital</b>   | <b>6.700.615</b> |
| <b>ADDITIONAL TIER 1 CAPITAL</b>  | -                |
| 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)   | -                |
| <b>Additional Tier 1 Capital Before Deductions</b>  | <b>4.486.455</b> |
| <b>Deductions From Additional Tier 1 Capital</b>  | -                |
| Direct and Indirect Investments of the Bank on its own Additional Tier I Capital (-)  | -                |
| Investments made by the Bank in equity items issued by banks and financial institutions that invest in the Bank's additional core capital items and meeting the conditions specified in Article 7 of the Regulation                   | -                |
| Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-) | -                |

-

**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)**

**I. Explanations Related to Equity (Continued)**

**Information on Equity Items (Continued):**

|  |                   |
|--|-------------------|
| Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank                    | -                 |
| The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital   | -                 |
| Other items to be defined by the BRSA  | -                 |
| <b>Items to be Deducted from Tier I Capital during the Transition Period</b>   | -                 |
| 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 (-)  | -                 |
| <b>Total Deductions from Additional Tier I Capital</b>   | -                 |
| <b>Total Additional Tier I Capital</b>   | <b>4.486.455</b>  |
| <b>Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)</b>   | <b>11.187.070</b> |
| <b>TIER II CAPITAL</b>   |                   |
| Debt Instruments and the Related Issuance Premiums Defined by the BRSA   | 1.117.460         |
| Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)  | -                 |
| Provisions (Amounts explained in the first paragraph of the article 8 of the Regulation on Bank Capital)   | 612.600           |
| <b>Total Deductions from Tier II Capital</b>   | <b>1.730.060</b>  |
| <b>Deductions from Tier II Capital</b>   | -                 |
| Direct and Indirect Investments of the Bank on its own Tier II Capital (-)   | -                 |
| Investments in Equity Instruments Issued by Banks and Financial Institutions Invested in Bank's Tier II Capital and Having Conditions Stated in the Article 8 of the Regulation  | -                 |
| Total of Net Long Positions of the Investments in Equity Items of Non-Consolidated Banks and Financial Institutions where the Bank owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)  | -                 |
| The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital and Tier II Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital (-) | -                 |

**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)**

**I. Explanations Related to Equity (Continued)**

**Information on Equity Items (Continued):**

|   |                   |
|---|-------------------|
| Other items to be defined by the BRSA (-)   | -                 |
| <b>Total Deductions from Tier II Capital</b>  | -                 |
| <b>Total Tier II Capital</b>  | <b>1.730.060</b>  |
| <b>Total Equity (Total Tier I and Tier II Capital)</b>  | <b>12.917.130</b> |
| <b>Total Tier I Capital and Tier II Capital ( Total Equity)</b>   |                   |
| 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   | -                 |
| <b>Items to be Deducted from the Sum of Tier I and Tier II Capital (Capital) During the Transition Period</b>   | <b>231.407</b>    |
| The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation  | -                 |
| The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation  | -                 |
| The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital, of the Net Deferred Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation | -                 |
| <b>Capital</b>  |                   |
| Total Capital ( Total of Tier I Capital and Tier II Capital )   | 12.917.130        |
| Total Risk Weighted Assets  | 77.490.581        |
| <b>CAPITAL ADEQUACY RATIOS</b>  |                   |
| CET1 Capital Ratio (%)  | 8,65              |
| Tier I Capital Ratio (%)  | 14,44             |
| Capital Adequacy Ratio (%)  | 16,67             |
| <b>BUFFERS</b>  |                   |
| Bank-specific total CET1 Capital Ratio  | 2,5               |
| Capital Conservation Buffer Ratio (%)   | 2,5               |
| Bank-specific Counter-Cyclical Capital Buffer Ratio (%)   | -                 |
| Systemic significant bank buffer ratio (%)  | -                 |

**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)**

**I. Explanations Related to Equity (Continued)**

**Information on Equity Items (Continued):**

|   |         |
|---|---------|
| Additional CET1 Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation                         | -       |
| <b>Amounts Lower Than Excesses as per Deduction Rules</b>   | -       |
| Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital             | -       |
| Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital | -       |
| Remaining Mortgage Servicing Rights   | -       |
| Net Deferred Tax Assets arising from Temporary Differences  | -       |
| <b>Limits for Provisions Used in Tier II Capital Calculation</b>  | -       |
| General Loan Provisions for Exposures in Standard Approach (before limit of one hundred and twenty-five per ten thousand)   | 612.600 |
| General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets   | 612.600 |
| Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach   | 222.776 |
| Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0.6% Risk Weighted Assets     | -       |
| <b>Debt Instruments Covered by Temporary Article 4</b>  | -       |
| <b>(effective between 1.1.2018-1.1.2022)</b>  | -       |
| Upper Limit for Additional Tier I Capital Items subject to Temporary Article 4  | -       |
| Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit   | -       |
| Upper Limit for Additional Tier II Capital Items subject to Temporary Article 4   | -       |
| Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit  | -       |



**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)**

**I. Explanations Related to Equity (Continued)**

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

| <b>Current Period (31.12.2023)</b>  | <b>Balance Sheet Value</b> | <b>Amount of Adjustment</b> | <b>Value at Capital Report</b> |
|---|----------------------------|-----------------------------|--------------------------------|
| <b>1.Paid-in-Capital</b>  | 2.500.000                  | 206.074                     | 2.706.074                      |
| <b>2.Capital Reserves</b>   | 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)                   | -                              |
| <b>3.Accumulated Other Comprehensive Income or Loss that will not be Reclassified to Profit or Loss</b> | (506)                      | -                           | (506)                          |
| <b>4.Accumulated Other Comprehensive Income or Loss that will be Reclassified to Profit or Loss</b>     | 160.336                    | 58.839                      | 219.175                        |
| <b>5.Profit Reserves</b>  | 3.969.168                  | -                           | 3.969.168                      |
| <b>6.Profit or Loss</b>   | 4.043.375                  | -                           | 4.043.375                      |
| 6.1. Prior Periods' Profit/(Loss)   | -                          | -                           | -                              |
| 6.2. Current Period Profit/(Loss)   | 4.043.375                  | -                           | 4.043.375                      |
| Deductions from Common Equity Tier I Capital (-)  | -                          | (356.804)                   | (356.804)                      |
| <b>Common Equity Tier I Capital</b>   | <b>10.882.485</b>          | <b>(297.965)</b>            | <b>10.584.520</b>              |
| Subordinated Loans  | -                          | 6.384.375                   | 6.384.375                      |
| Deductions from Tier I capital (-)  | -                          | -                           | -                              |
| <b>Tier I Capital</b>   | <b>10.882.485</b>          | <b>6.086.410</b>            | <b>16.968.895</b>              |
| Subordinated Loans  | -                          | 1.827.616                   | 1.827.616                      |
| General Provisions  | -                          | 967.062                     | 967.062                        |
| Deductions from Tier II capital (-)   | -                          | -                           | -                              |
| <b>Tier II Capital</b>  | <b>-</b>                   | <b>2.794.678</b>            | <b>2.794.678</b>               |
| Deductions from Total Capital (-)   | -                          | -                           | -                              |
| <b>Total</b>  | <b>10.882.485</b>          | <b>8.881.088</b>            | <b>19.763.573</b>              |

**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)**

**I. Explanations Related to Equity (Continued):**

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

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

**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)**

**I. Explanations Related to Equity (Continued):**

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

|   |   |
|---|---|
| <b>Current Period (31.12.2023)</b>  |   |
| Issuer-Loan supplier  | Bank / Republic of Türkiye Ministry of Treasury and Finance                       |
| Identifier (CUSIP, ISIN etc.)   | -   |
| Governing law (s) of the instrument   | BRSA  |
| <b>Regulatory treatment</b>   |   |
| 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   |
| Original date of issuance   | Subordinated Loan   |
| Maturity structure of the instrument (perpetual/dated)  | 31.12.2018  |
| Starting maturity of the instrument   | Perpetual   |
| Issuer call subject to prior supervisory (BRSA) approval  | -   |
| Call option dates, conditioned call dates and call amount   | Yes   |
| Subsequent call dates, if applicable  | -   |
| <b>Interest / dividend payments</b>   |   |
| 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   | -   |
| <b>Convertible into equity shares</b>   |   |
| 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   | -   |
| <b>Write-down feature</b>   |   |
| If bonds can be written down, write down trigger(s)   | -   |
| If bond can be written-down, full or partial  | -   |
| If bond can be written-down, permanent or temporary   | -   |
| If temporary write-down, description of write-up mechanism  | -   |
| Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument) | After borrowings, before the additional capital, same as Tier II Capital          |
| In compliance with article number 7 and 8 of Regulation on Bank Capital   | Complies with the requirements of Article 8 of the Regulation on Equity of Banks. |
| Details of incompliances with article number 7 and 8 of Regulation on Bank Capital                                | Complies with the requirements of Article 8 of the Regulation on Equity of Banks. |

**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)**

**I. Explanations Related to Equity (Continued):**

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

|   |   |
|---|---|
| <b>Prior Period (31.12.2022)</b>  |   |
| Issuer-Loan supplier  | Bank / Republic of Türkiye Ministry of Treasury and Finance                       |
| Identifier (CUSIP, ISIN etc.)   | -   |
| Governing law (s) of the instrument   | BRSA  |
| <b>Regulatory treatment</b>   |   |
| Subject to 10% deduction as of 1/1/2015   | No  |
| Eligible on unconsolidated and /or consolidated basis   | Unconsolidated and Consolidated   |
| Instrument type   | Loan  |
| Amount recognized in regulatory capital (Currency in TL million, as of most recent reporting date)                | 1.117   |
| Nominal value of instrument (TL million)  | 1.117   |
| Accounting classification of the instrument   | Liabilities   |
| Original date of issuance   | 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  | -   |
| <b>Interest / dividend payments</b>   |   |
| 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   | -   |
| <b>Convertible into equity shares</b>   |   |
| 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   | -   |
| <b>Write-down feature</b>   |   |
| 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. |

**TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.**  
**Notes to the Unconsolidated Financial Statements as of 31 December 2023**  
(Thousands of Turkish Lira (TL) unless otherwise stated)  
**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)**

**I. Explanations Related to Equity (Continued):**

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

|   |   |
|---|---|
| <b>Current Period (31.12.2023)</b>  |   |
| Issuer-Loan supplier  | Bank / TWF  |
| Identifier (CUSIP, ISIN etc.)   | -   |
| Governing law (s) of the instrument   | BRSA  |
| <b>Regulatory treatment</b>   |   |
| 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<br>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<br>(There is an early payment option after the 5th year)               |
| Subsequent call dates, if applicable  | -   |
| <b>Interest / dividend payments</b>   |   |
| 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   | -   |
| <b>Convertible into equity shares</b>   |   |
| 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   | -   |
| <b>Write-down feature</b>   |   |
| If bonds can be written-down, write-down trigger(s)   | -   |
| If bond can be written-down, full or partial  | -   |
| If bond can be written-down, permanent or temporary   | -   |
| If temporary write-down, description of write-up mechanism  | -   |
| Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument) | After senior creditors and Tier II Capital  |
| In compliance with article number 7 and 8 of Regulation on Bank Capital   | Complies with the requirements of Article 7 of the Regulation on Equity of Banks. |
| Details of incompliances with article number 7 and 8 of Regulation on Bank Capital                                | Complies with the requirements of Article 7 of the Regulation on Equity of Banks. |

## SECTION FOUR (Continued)

## INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

## I. Explanations Related to Equity (Continued):

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

|   |   |
|---|---|
| <b>Prior Period (31.12.2022)</b>  |   |
| Issuer-Loan supplier  | Bank / TWF  |
| Identifier (CUSIP, ISIN etc.)   | -   |
| Governing law (s) of the instrument   | BRSA  |
| <b>Regulatory treatment</b>   |   |
| 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<br>(There is an early payment option after the 5th year)               |
| Subsequent call dates, if applicable  | -   |
| <b>Interest / dividend payments</b>   |   |
| 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   | -   |
| <b>Convertible into equity shares</b>   |   |
| 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   | -   |
| <b>Write-down feature</b>   |   |
| If bonds can be written-down, write-down trigger(s)   | -   |
| If bond can be written-down, full or partial  | -   |
| If bond can be written-down, permanent or temporary   | -   |
| If temporary write-down, description of write-up mechanism  | -   |
| Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument) | After senior creditors and Tier II Capital  |
| In compliance with article number 7 and 8 of Regulation on Bank Capital   | Complies with the requirements of Article 7 of the Regulation on Equity of Banks. |
| Details of incompliance with article number 7 and 8 of Regulation on Bank Capital                                 | Complies with the requirements of Article 7 of the Regulation on Equity of Banks. |

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**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)**

**I. Explanations Related to Equity (Continued):**

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

|   |   |
|---|---|
| <b>Current Period (31.12.2023)</b>  |   |
| Issuer-Loan supplier  | Bank / TWF  |
| Identifier (CUSIP, ISIN etc.)   | -   |
| Governing law (s) of the instrument   | BRSA  |
| <b>Regulatory treatment</b>   |   |
| 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<br>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  | -   |
| <b>Interest / dividend payments</b>   |   |
| 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   | -   |
| <b>Convertible into equity shares</b>   |   |
| 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   | -   |
| <b>Write-down feature</b>   |   |
| If bonds can be written-down, write-down trigger(s)   | -   |
| If bond can be written-down, full or partial  | -   |
| If bond can be written-down, permanent or temporary   | -   |
| If temporary write-down, description of write-up mechanism  | -   |
| Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument) | After senior creditors and Tier II Capital  |
| In compliance with article number 7 and 8 of Regulation on Bank Capital   | Complies with the requirements of Article 7 of the Regulation on Equity of Banks. |
| Details of incompliances with article number 7 and 8 of Regulation on Bank Capital                                | Complies with the requirements of Article 7 of the Regulation on Equity of Banks. |

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**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)**

**I. Explanations Related to Equity (Continued):**

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

|   |   |
|---|---|
| <b>Prior Period (31.12.2022)</b>  |   |
| Issuer-Loan supplier  | Bank / TWF  |
| Identifier (CUSIP, ISIN etc.)   | -   |
| Governing law (s) of the instrument   | BRSA  |
| <b>Regulatory treatment</b>   |   |
| 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<br>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  | -   |
| <b>Interest / dividend payments</b>   |   |
| 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   | -   |
| <b>Convertible into equity shares</b>   |   |
| 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   | -   |
| <b>Write-down feature</b>   |   |
| If bonds can be written-down, write-down trigger(s)   | -   |
| If bond can be written-down, full or partial  | -   |
| If bond can be written-down, permanent or temporary   | -   |
| If temporary write-down, description of write-up mechanism  | -   |
| Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument) | After senior creditors and Tier II Capital  |
| In compliance with article number 7 and 8 of Regulation on Bank Capital   | Complies with the requirements of Article 7 of the Regulation on Equity of Banks. |
| Details of incompliances with article number 7 and 8 of Regulation on Bank Capital                                | Complies with the requirements of Article 7 of the Regulation on Equity of Banks. |



**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)**

**II. Explanations Related to Credit Risk:**

Credit risk refers to the possibility of losses that the 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 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 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 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 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 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.

**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)**

**II. Explanations Related to Credit Risk (Continued):**

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.

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 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 Bank's activities is constantly reviewed, developed and adjustments are made to the system when necessary by the Board of Directors.

The 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 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 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 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".

**INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)**

**II. Explanations Related to Credit Risk (Continued):**

| Risk Categories   | Current Period<br>(31.12.2023) |                     | Prior Period<br>(31.12.2022) |                     |
|---|--------------------------------|---------------------|------------------------------|---------------------|
|   | Risk Amount <sup>(*)</sup>     | Average Risk Amount | Risk Amount <sup>(*)</sup>   | Average Risk Amount |
| Conditional and unconditional receivables to central governments or central banks | 15.426.669                     | 14.233.890          | 13.222.381                   | 9.948.064           |
| Conditional and unconditional receivables to banks and brokerage houses           | 31.196.733                     | 33.177.866          | 32.423.855                   | 23.279.889          |
| 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   | 619.070                        | 455.072             | 440.760                      | 315.437             |

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

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

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

a) The share of the 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 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 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.

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**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)**

**II. Explanations Related to Credit Risk (Continued):**

**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 |
| <b>Current Period (31.12.2023)</b>           |   |   |   |  |                     |   |  |                   |
| Domestic                                     | 15.426.669  | 31.124.689  | 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 | -   | -   | -   | -  | -                   | -   | -  | 27.332            |
| Unallocated Assets (**)                      | -   | -   | -   | -  | -                   | -   | -  | 591.738           |
| <b>Total</b>                                 | <b>15.426.669</b>   | <b>31.196.733</b>   | <b>77.072.807</b>                                   | <b>2.777.807</b>   | <b>319.302</b>      | <b>-</b>  | <b>228.491</b>                                     | <b>619.070</b>    |
| <b>Prior Period (31.12.2022)</b>             |   |   |   |  |                     |   |  |                   |
| Domestic                                     | 13.222.381  | 32.358.965  | 48.447.222  | 1.221.755  | 326.553             | -   | 129.401  | -                 |
| European Union (EU) Countries                | -   | 104   | -   | -  | -                   | -   | 6.006  | -                 |
| OECD Countries (*)                           | -   | 64.786  | -   | -  | -                   | -   | -  | -                 |
| Off-Shore Banking Regions                    | -   | -   | -   | -  | -                   | -   | -  | -                 |
| USA, Canada                                  | -   | -   | -   | -  | -                   | -   | -  | -                 |
| Other Countries                              | -   | -   | -   | -  | -                   | -   | -  | -                 |
| Associates, Subsidiaries and Joint –Ventures | -   | -   | -   | -  | -                   | -   | -  | 14.636            |
| Unallocated Assets (**)                      | -   | -   | -   | -  | -                   | -   | -  | 426.124           |
| <b>Total</b>                                 | <b>13.222.381</b>   | <b>32.423.855</b>   | <b>48.447.222</b>                                   | <b>1.221.755</b>   | <b>326.553</b>      | <b>-</b>  | <b>135.407</b>                                     | <b>440.760</b>    |

(\*) 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.

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**SECTION FOUR (Continued)****INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)****II. Explanations Related to Credit Risk (Continued):****Risk profile by sectors or counterparties:**

| <b>Current Period<br/>(31 December 2023)</b> | Conditional and<br>Unconditional<br>Receivables from<br>Central<br>Governments or<br>Central Banks | Conditional and<br>Unconditional<br>Receivables from<br>Banks and<br>Brokerage<br>Houses | Conditional<br>and<br>Unconditional<br>Corporate<br>Receivables | Conditional and<br>Non-Conditional<br>Real Estate<br>Mortgage-<br>Secured<br>Receivables | Overdue<br>Receivables | Collective<br>Investment<br>Institution Like<br>Investments | Other<br>Receivables | TL                | FC                | TOTAL              |
|--|--|--|---|--|------------------------|---|----------------------|-------------------|-------------------|--------------------|
| <b>Agriculture</b>                           | -  | -  | <b>465.449</b>  | <b>42.713</b>  | -                      | -   | -                    | <b>376.519</b>    | <b>131.643</b>    | <b>508.162</b>     |
| Farming and Stockbreeding                    | -  | -  | -   | -  | -                      | -   | -                    | -                 | -                 | -                  |
| Forestry                                     | -  | -  | 39.078  | 42.713   | -                      | -   | -                    | -                 | 81.791            | 81.791             |
| Fishery                                      | -  | -  | 426.371   | -  | -                      | -   | -                    | 376.519           | 49.852            | 426.371            |
| <b>Manufacturing</b>                         | -  | -  | <b>73.358.635</b>   | <b>2.030.894</b>   | <b>269.060</b>         | -   | -                    | <b>16.999.206</b> | <b>58.659.383</b> | <b>75.658.589</b>  |
| 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         |
| <b>Construction</b>                          | -  | -  | <b>492.905</b>  | <b>517.724</b>   | -                      | -   | -                    | <b>908.459</b>    | <b>102.170</b>    | <b>1.010.629</b>   |
| <b>Services</b>                              | <b>15.426.669</b>  | <b>31.196.733</b>  | <b>2.755.818</b>  | <b>186.476</b>   | <b>50.242</b>          | <b>228.491</b>  | <b>619.070</b>       | <b>29.720.134</b> | <b>20.743.365</b> | <b>50.463.499</b>  |
| Wholesale and Retail Trade                   | -  | -  | -   | -  | -                      | -   | -                    | -                 | -                 | -                  |
| Accommodation and Dining                     | -  | 4  | 999.876   | 171.530  | 50.242                 | -   | -                    | 432.835           | 788.817           | 1.221.652          |
| Transportation and<br>Telecommunication      | -  | -  | 819.344   | -  | -                      | -   | -                    | 161.412           | 657.932           | 819.344            |
| Financial Institutions                       | 15.426.669   | 31.196.729   | 609.260   | -  | -                      | 228.491   | 619.070              | 29.114.498        | 18.965.721        | 48.080.219         |
| 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                                       | -  | -  | -   | -  | -                      | -   | -                    | -                 | -                 | -                  |
| <b>Total</b>                                 | <b>15.426.669</b>  | <b>31.196.733</b>  | <b>77.072.807</b>   | <b>2.777.807</b>   | <b>319.302</b>         | <b>228.491</b>  | <b>619.070</b>       | <b>48.004.318</b> | <b>79.636.561</b> | <b>127.640.879</b> |

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

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**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)**

**II. Explanations Related to Credit Risk (Continued):**

**Risk profile by sectors or counterparties:**

| <b>Prior Period<br/>(31 December 2022)</b> | Conditional and<br>Unconditional<br>Receivables from<br>Central<br>Governments or<br>Central Banks | Conditional and<br>Unconditional<br>Receivables from<br>Banks and<br>Brokerage<br>Houses | Conditional<br>and<br>Unconditional<br>Corporate<br>Receivables | Conditional and<br>Non-Conditional<br>Real Estate<br>Mortgage-<br>Secured<br>Receivables | Overdue<br>Receivables | Collective<br>Investment<br>Institution Like<br>Investments | Other<br>Receivables | TL                | FC                | TOTAL             |
|--|--|--|---|--|------------------------|---|----------------------|-------------------|-------------------|-------------------|
| <b>Agriculture</b>                         | -  | -  | <b>225.121</b>  | -  | -                      | -   | -                    | <b>225.121</b>    | -                 | <b>225.121</b>    |
| Farming and Stockbreeding                  | -  | -  | -   | -  | -                      | -   | -                    | -                 | -                 | -                 |
| Forestry                                   | -  | -  | -   | -  | -                      | -   | -                    | -                 | -                 | -                 |
| Fishery                                    | -  | -  | 225.121   | -  | -                      | -   | -                    | 225.121           | -                 | 225.121           |
| <b>Manufacturing</b>                       | -  | -  | <b>45.710.626</b>   | <b>860.137</b>   | <b>326.553</b>         | -   | -                    | <b>8.777.983</b>  | <b>38.119.333</b> | <b>46.897.316</b> |
| 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        |
| <b>Construction</b>                        | -  | -  | <b>358.932</b>  | -  | -                      | -   | -                    | <b>253.916</b>    | <b>105.016</b>    | <b>358.932</b>    |
| <b>Services</b>                            | <b>13.222.381</b>  | <b>32.423.855</b>  | <b>2.152.543</b>  | <b>361.618</b>   | -                      | <b>135.407</b>  | <b>440.760</b>       | <b>23.032.485</b> | <b>25.704.079</b> | <b>48.736.564</b> |
| Wholesale and Retail Trade                 | -  | -  | -   | -  | -                      | -   | -                    | -                 | -                 | -                 |
| Accommodation and Dining                   | -  | 4  | 1.340.409   | 214.421  | -                      | -   | -                    | 464.847           | 1.089.987         | 1.554.834         |
| Transportation and<br>Telecommunication    | -  | -  | 95.978  | -  | -                      | -   | -                    | 95.978            | -                 | 95.978            |
| Financial Institutions                     | 13.222.381   | 32.423.851   | 441.565   | 125.398  | -                      | 135.407   | 440.760              | 22.452.909        | 24.336.453        | 46.789.362        |
| Real Estate and Rental Services            | -  | -  | -   | -  | -                      | -   | -                    | -                 | -                 | -                 |
| Professional Services                      | -  | -  | -   | -  | -                      | -   | -                    | -                 | -                 | -                 |
| Educational Services                       | -  | -  | 62.741  | 21.799   | -                      | -   | -                    | 18.751            | 65.789            | 84.540            |
| Health and Social Services                 | -  | -  | 211.850   | -  | -                      | -   | -                    | -                 | 211.850           | 211.850           |
| Others                                     | -  | -  | -   | -  | -                      | -   | -                    | -                 | -                 | -                 |
| <b>Total</b>                               | <b>13.222.381</b>  | <b>32.423.855</b>  | <b>48.447.222</b>   | <b>1.221.755</b>   | <b>326.553</b>         | <b>135.407</b>  | <b>440.760</b>       | <b>32.289.505</b> | <b>63.928.428</b> | <b>96.217.933</b> |

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

**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)**

**II. Explanations Related to Credit Risk (Continued):**

**Analysis of Maturity-Bearing Risks According to Remaining Maturities**

| Risk Categories<br>Current Period<br>(31.12.2023)                                   | Term to Maturity  |                  |                   |                   |                   |                  | Total              |
|---|-------------------|------------------|-------------------|-------------------|-------------------|------------------|--------------------|
|   | Up to 1<br>Month  | 1-3<br>Months    | 3-6 Months        | 6-12 Months       | Over 1 Year       | Non-Maturity     |                    |
| Conditional and unconditional receivables from central governments or central banks | 299.212           | -                | 6.521.205         | 976.671           | 7.300.414         | 329.167          | <b>15.426.669</b>  |
| Conditional and unconditional receivables from banks and brokerage houses           | 17.137.537        | 3.936.777        | 1.379.273         | 1.852.639         | 5.632.451         | 1.258.056        | <b>31.196.733</b>  |
| Conditional and unconditional corporate receivables                                 | 954.052           | 3.520.489        | 3.658.011         | 8.090.808         | 60.849.447        | -                | <b>77.072.807</b>  |
| Conditional and unconditional real estate mortgage-secured receivables              | 36.646            | 135.225          | 137.205           | 310.774           | 2.157.957         | -                | <b>2.777.807</b>   |
| Overdue receivables   | -                 | -                | -                 | -                 | -                 | 319.302          | <b>319.302</b>     |
| Collective investment institution like investments                                  | -                 | -                | -                 | -                 | -                 | 228.491          | <b>228.491</b>     |
| Other receivables   | -                 | -                | -                 | -                 | -                 | 619.070          | <b>619.070</b>     |
| <b>Total</b>  | <b>18.427.447</b> | <b>7.592.491</b> | <b>11.695.694</b> | <b>11.230.892</b> | <b>75.940.269</b> | <b>2.754.086</b> | <b>127.640.879</b> |

| Risk Categories<br>Prior Period (31.12.2022)  | Term to Maturity  |                  |                  |                   |                   |                  | Total             |
|---|-------------------|------------------|------------------|-------------------|-------------------|------------------|-------------------|
|   | Up to 1<br>Month  | 1-3<br>Months    | 3-6 Months       | 6-12 Months       | Over 1 Year       | Non-Maturity     |                   |
| Conditional and unconditional receivables from central governments or central banks | 344.746           | 903.261          | 1.598.141        | 816.145           | 9.472.611         | 87.477           | <b>13.222.381</b> |
| Conditional and unconditional receivables from banks and brokerage houses           | 16.162.408        | 1.146.312        | 213.586          | 8.525.473         | 5.408.235         | 967.841          | <b>32.423.855</b> |
| Conditional and unconditional corporate receivables                                 | 525.467           | 1.885.867        | 2.540.116        | 5.139.581         | 38.356.191        | -                | <b>48.447.222</b> |
| Conditional and unconditional real estate mortgage-secured receivables              | 13.963            | 50.111           | 67.496           | 134.992           | 955.193           | -                | <b>1.221.755</b>  |
| Overdue receivables   | -                 | -                | -                | -                 | -                 | 326.553          | <b>326.553</b>    |
| Collective investment institution like investments                                  | -                 | -                | -                | -                 | -                 | 135.407          | <b>135.407</b>    |
| Other receivables   | -                 | -                | -                | -                 | -                 | 440.759          | <b>440.759</b>    |
| <b>Total</b>  | <b>17.046.584</b> | <b>3.985.551</b> | <b>4.419.339</b> | <b>14.616.191</b> | <b>54.192.230</b> | <b>1.958.037</b> | <b>96.217.932</b> |

**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.

**TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.****Notes to the Unconsolidated Financial Statements as of 31 December 2023**

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

**SECTION FOUR (Continued)****INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)****II. Explanations Related to Credit Risk (Continued):****Credit Risk by Risk Weights - Standard Approach<sup>(\*)</sup>**

| <b>Current Period<br/>(31.12.2023)</b> | 0%        | 2%      | 10% | 20%        | 25% | 35%    | 50%        | 75% | 100%       | 200% | 250% | Other Risk<br>Weights | Deductions from<br>Equity |
|--|-----------|---------|-----|------------|-----|--------|------------|-----|------------|------|------|-----------------------|---------------------------|
| Risk Weights                           |           |         |     |            |     |        |            |     |            |      |      |                       |                           |
| Before Credit<br>Risk Mitigation       | 9.095.069 | 244.686 | -   | 15.208.902 | -   | 51.762 | 7.922.062  | -   | 95.118.398 | -    | -    | -                     | 32.252                    |
| After Credit Risk<br>Mitigation        | 9.095.069 | 244.686 | -   | 15.208.902 | -   | 51.762 | 13.181.873 | -   | 89.858.587 | -    | -    | -                     | -                         |

<sup>(\*)</sup> Excluding counterparty credit risk and securitization positions

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



**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)**

**II. Explanations Related to Credit Risk (Continued):**

**Miscellaneous Information According to Important Sectors or Counterparty Type:**

The 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.

|  | Loans   |                   | Provisions                               |
|--|---|-------------------|--|
|  | Impaired Loans (TFRS 9)                       |                   | Expected Credit Loss Provisions (TFRS 9) |
|  | Significant Increase in Credit Risk (Stage 2) | Default (Stage 3) |  |
| <b>Current Period (31.12.2023)</b>     |   |                   |  |
| <b>Major Sectors / Counter Parties</b> |   |                   |  |
| <b>Agriculture</b>                     | -   | -                 | -  |
| Farming and Stockbreeding              | -   | -                 | -  |
| Forestry                               | -   | -                 | -  |
| Fishery                                | -   | -                 | -  |
| <b>Manufacturing</b>                   | <b>3.130.758</b>                              | <b>751.728</b>    | <b>745.794</b>                           |
| Mining and Quarrying                   | -   | -                 | -  |
| Production                             | 459.682                                       | 6.403             | 8.021                                    |
| Electricity, Gas and Water             | 2.671.076                                     | 745.325           | 737.773                                  |
| <b>Construction</b>                    | -   | -                 | -  |
| <b>Services</b>                        | <b>271.652</b>                                | <b>95.220</b>     | <b>49.572</b>                            |
| 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                                    |
| <b>Others</b>                          | -   | <b>1.134</b>      | <b>1.134</b>                             |
| <b>Total</b>                           | <b>3.402.410</b>                              | <b>848.082</b>    | <b>796.500</b>                           |

## SECTION FOUR (Continued)

## INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

## II. Explanations Related to Credit Risk (Continued):

| Prior Period (31.12.2022)<br>Major Sectors / Counter Parties | Loans  |                   | Provisions                                     |
|--|--|-------------------|--|
|  | Impaired Loans (TFRS 9)                                |                   | Expected Credit<br>Loss<br>Provisions (TFRS 9) |
|  | Significant<br>Increase in<br>Credit Risk<br>(Stage 2) | Default (Stage 3) |  |
| <b>Agriculture</b>   | -  | -                 | -  |
| Farming and Stockbreeding                                    | -  | -                 | -  |
| Forestry   | -  | -                 | -  |
| Fishery  | -  | -                 | -  |
| <b>Manufacturing</b>   | <b>2.229.029</b>                                       | <b>850.019</b>    | <b>666.581</b>                                 |
| Mining and Quarrying   | -  | -                 | -  |
| Production   | 212.051  | 7.053             | 7.095  |
| Electricity, Gas and Water                                   | 2.016.978  | 842.966           | 659.486  |
| <b>Construction</b>  | -  | -                 | -  |
| <b>Services</b>  | <b>571.759</b>   | <b>43.221</b>     | <b>45.056</b>                                  |
| 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  |
| <b>Others</b>  | <b>5.642</b>   | <b>1.134</b>      | <b>1.136</b>                                   |
| <b>Total</b>   | <b>2.806.430</b>                                       | <b>894.374</b>    | <b>712.773</b>                                 |

## Information on Movements in Value Adjustments and Provisions:

| Current Period<br>(31.12.2023) | Opening<br>Balance | Provision for<br>Period | Provision<br>Reversals | Other<br>Adjustments | Closing<br>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<br>(31.12.2022) | Opening<br>Balance | Provision for<br>Period | Provision<br>Reversals | Other<br>Adjustments | Closing<br>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            |

**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)**

**III. Explanations Related to Currency Risk:**

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

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

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

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

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

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

In order to reduce the risk of foreign exchange rate fluctuations affecting the financial structure of the Bank, the risk of foreign exchange rate of the Bank is determined based on the Foreign Currency Net General Position / Equity ratio determined by the BRSA. The limit of the ratio has been 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 Bank as of the date of the financial statements and the last five business days prior to that date are as follows:

| <b><u>Tarih</u></b> | <b><u>USD</u></b> | <b><u>EURO</u></b> | <b><u>100 JPY</u></b> |
|---------------------|-------------------|--------------------|-----------------------|
| 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: 29,0531 TL, Euro: 31,7366 TL, CHF: 33,6787 TL.

**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)**

**II. Explanations Related to Currency Risk (Continued):**

**Information on the currency risk of the Bank:**

| <b>Current Period (31.12.2023)</b>  | <b>EURO</b>       | <b>USD</b>        | <b>Other<br/>FC<sup>(*)</sup></b> | <b>Total</b>      |
|---|-------------------|-------------------|-----------------------------------|-------------------|
| <b>Assets</b>   |                   |                   |                                   |                   |
| Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of the Republic of Türkiye | -                 | -                 | -                                 | -                 |
| Banks   | 244.639           | 924.317           | 1.970                             | 1.170.926         |
| Financial assets measured at fair value through profit and 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           |
| <b>Total assets</b>   | <b>34.328.349</b> | <b>52.772.408</b> | <b>1.970</b>                      | <b>87.102.727</b> |
| <b>Liabilities</b>  |                   |                   |                                   |                   |
| 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         |
| <b>Total liabilities</b>  | <b>37.054.639</b> | <b>58.241.397</b> | <b>-</b>                          | <b>95.296.036</b> |
| Net balance sheet position  | (2.726.290)       | (5.468.989)       | 1.970                             | (8.193.309)       |
| 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         |
| <b>Prior Period (31.12.2022)</b>  |                   |                   |                                   |                   |
| <b>Total assets</b>   | <b>22.765.983</b> | <b>37.538.871</b> | <b>1.275</b>                      | <b>60.306.129</b> |
| <b>Total liabilities</b>  | <b>22.341.959</b> | <b>41.268.818</b> | <b>45</b>                         | <b>63.610.822</b> |
| 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; 18% GBP, 65% CHF and 17% JPY.

**TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.**  
**Notes to the Unconsolidated Financial Statements as of 31 December 2023**  
(Thousands of Turkish Lira (TL) unless otherwise stated)  
**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)**

**III. Explanations Related to 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.

|       | <b>Increase in<br/>Exchange<br/>Rates</b> | <b>Effect on Profit/Loss<sup>(*)</sup></b> |                                      | <b>Effect on Shareholders' Equity</b>  |                                      |
|-------|---|--|--------------------------------------|--|--------------------------------------|
|       | <b>%</b>                                  | <b>Current Period<br/>(31.12.2023)</b>     | <b>Prior Period<br/>(31.12.2022)</b> | <b>Current Period<br/>(31.12.2023)</b> | <b>Prior Period<br/>(31.12.2022)</b> |
| USD   | 10  | 319.029                                    | 2.578                                | 981.130                                | 287.469                              |
| EURO  | 10  | 49.637                                     | 23.063                               | 414.765                                | 229.241                              |
| Other | 10  | 197  | 128                                  | -                                      | -                                    |

<sup>(\*)</sup> It refers to the values before the tax effect is deducted.

|       | <b>Decrease in<br/>Exchange<br/>Rates</b> | <b>Effect on Profit/Loss<sup>(*)</sup></b> |                                      | <b>Effect on Shareholders' Equity</b>  |                                      |
|-------|---|--|--------------------------------------|--|--------------------------------------|
|       | <b>%</b>                                  | <b>Current Period<br/>(3.12.2023)</b>      | <b>Prior Period<br/>(31.12.2022)</b> | <b>Current Period<br/>(31.12.2023)</b> | <b>Prior Period<br/>(31.12.2022)</b> |
| USD   | 10  | (319.029)                                  | (2.578)                              | (981.130)                              | (287.469)                            |
| EURO  | 10  | (49.637)                                   | (23.063)                             | (414.765)                              | (229.241)                            |
| Other | 10  | (197)                                      | (128)                                | -                                      | -                                    |

<sup>(\*)</sup> It refers to the values before the tax effect is deducted.

**INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)**

**IV. Explanations Related to 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 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 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 Bank's interest income to be negatively affected by fluctuations in market rates and the Bank's profitability to decrease.

The Bank's basic principle in the interest rate risk management policy is to avoid mismatch and provide alignment between loans disbursed with fixed and floating rate and funds provided with fixed and floating rate. Accordingly, interest rate, currency and maturity alignment are respected during the disbursement of loans funded by foreign long-term borrowings, which form the material part of the loan portfolio. 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.

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

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

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

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

## SECTION FOUR (Continued)

## INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

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

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).

| 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               |
|---|-------------------|--------------------|---------------------|-------------------|--------------------|----------------------|---------------------|
| <b>Assets</b>   |                   |                    |                     |                   |                    |                      |                     |
| Cash (Cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey <sup>(1)</sup> | -                 | -                  | -                   | -                 | -                  | 2.560                | 2.560               |
| Banks <sup>(1)</sup>  | 4.844.282         | -                  | -                   | -                 | -                  | 80.783               | 4.925.065           |
| 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 <sup>(3)</sup>   | 1.203.398         | 1.904.250          | 6.601.145           | 5.435.363         | 58.097             | 18.362               | 15.220.615          |
| Loans <sup>(2)</sup>  | 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            | -                  | 7.346.495           | 2.431.941         | 3.774.223          | -                    | 13.618.516          |
| Other assets <sup>(4)</sup>   | 65.715            | -                  | -                   | -                 | -                  | 651.290              | 717.005             |
| <b>Total Assets <sup>(5)</sup></b>  | <b>40.932.562</b> | <b>21.930.827</b>  | <b>28.566.985</b>   | <b>15.766.495</b> | <b>25.986.853</b>  | <b>1.663.752</b>     | <b>134.847.474</b>  |
| <b>Liabilities</b>  |                   |                    |                     |                   |                    |                      |                     |
| Interbank deposits  | -                 | -                  | -                   | -                 | -                  | -                    | -                   |
| Other deposits  | -                 | -                  | -                   | -                 | -                  | -                    | -                   |
| Money market borrowings   | 2.884.276         | -                  | -                   | -                 | -                  | -                    | 2.884.276           |
| Miscellaneous payables  | -                 | -                  | -                   | -                 | -                  | 373.726              | 373.726             |
| Marketable securities issued  | -                 | -                  | 3.321.427           | -                 | -                  | -                    | 3.321.427           |
| 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 <sup>(4),(6)</sup>  | 472.047           | -                  | 6.038.208           | -                 | 3.712.899          | 16.609.650           | 26.832.804          |
| <b>Total Liabilities</b>  | <b>10.448.784</b> | <b>28.630.222</b>  | <b>42.771.276</b>   | <b>7.594.593</b>  | <b>28.419.223</b>  | <b>16.983.376</b>    | <b>134.847.474</b>  |
| <b>Long position on balance sheet</b>   | <b>30.483.778</b> | <b>-</b>           | <b>-</b>            | <b>8.171.902</b>  | <b>-</b>           | <b>-</b>             | <b>38.655.680</b>   |
| <b>Short position on balance sheet</b>  | <b>-</b>          | <b>(6.699.395)</b> | <b>(14.204.291)</b> | <b>-</b>          | <b>(2.432.370)</b> | <b>(15.319.624)</b>  | <b>(38.655.680)</b> |
| <b>Long position on off-balance sheet</b>   | <b>-</b>          | <b>-</b>           | <b>-</b>            | <b>-</b>          | <b>-</b>           | <b>-</b>             | <b>-</b>            |
| <b>Short position on off-balance sheet</b>  | <b>-</b>          | <b>(33.007)</b>    | <b>(37.771)</b>     | <b>-</b>          | <b>-</b>           | <b>-</b>             | <b>(70.778)</b>     |
| <b>Total Position</b>   | <b>30.483.778</b> | <b>(6.732.402)</b> | <b>(14.242.062)</b> | <b>8.171.902</b>  | <b>(2.432.370)</b> | <b>(15.319.624)</b>  | <b>(70.778)</b>     |

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

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

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

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

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

<sup>(6)</sup> Subordinated loans are shown in the “Other Liabilities” line.

**TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.****Notes to the Unconsolidated Financial Statements as of 31 December 2023**

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

**SECTION FOUR (Continued)****INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)****IV. Explanations Related to Interest Rate Risk (Continued):**

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

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

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



**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)**

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

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

| <b>End of the Current Period (31.12.2023)</b>   | <b>EURO</b> | <b>USD</b> | <b>JPY</b> | <b>TL</b> |
|---|-------------|------------|------------|-----------|
| <b>Assets (*)</b>   |             |            |            |           |
| 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 and 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     |
| <b>Liabilities (*)</b>  |             |            |            |           |
| 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.

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

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

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

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

**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)**

**V. Explanations Related to Position Risk of Equity Securities:**

None.

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

**1. Explanations related to liquidity risk management**

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

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

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

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

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

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

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

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

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

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

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

**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)**

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

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

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

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

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

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

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

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

**2. Liquidity coverage ratio**

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

|             | <b>Liquidity Coverage Ratio (Weekly Unconsolidated)</b> |            |        |            |                                  |            |        |            |
|-------------|---|------------|--------|------------|----------------------------------|------------|--------|------------|
|             | <b>Current Period (31.12.2023)</b>                      |            |        |            | <b>Prior Period (31.12.2022)</b> |            |        |            |
|             | FC  | Date       | FC+TL  | Date       | FC                               | Date       | FC+TL  | Date       |
| Maximum (%) | 117,72  | 13.10.2023 | 220,82 | 22.12.2023 | 95,22                            | 04.11.2022 | 152,45 | 18.11.2022 |
| Minimum (%) | 100,00  | 29.12.2023 | 155,34 | 17.11.2023 | 53,44                            | 30.09.2022 | 91,57  | 14.10.2022 |

## SECTION FOUR (Continued)

## INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

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

## 2. Liquidity coverage ratio (Continued):

|   | Rate of “Percentage to be Taken into Account”<br>not Implemented Total Value <sup>(*)</sup> |                   | Rate of “Percentage to be Taken into Account”<br>Implemented Total Value <sup>(*)</sup> |                   |
|---|---|-------------------|---|-------------------|
|   | TL+FC   | FC                | TL+FC   | FC                |
| <b>Current Period (31.12.2023)</b>  |   |                   |   |                   |
| <b>HIGH-QUALITY LIQUID ASSETS</b>   |   |                   |   |                   |
| Total high-quality liquid assets (HQLA)   | -   | -                 | 9.553.252   | 2.085.924         |
| <b>CASH OUTFLOWS</b>  |   |                   |   |                   |
| Retail and small business customers deposits  | -   | -                 | -   | -                 |
| Stable deposits   | -   | -                 | -   | -                 |
| Less stable deposits  | -   | -                 | -   | -                 |
| Unsecured funding other than retail and small business customers deposits                         | 2.351.698   | 1.281.672         | 1.739.120   | 850.395           |
| Operational deposits  | -   | -                 | -   | -                 |
| Non-operational deposits  | -   | -                 | -   | -                 |
| Other unsecured funding   | 2.351.698   | 1.281.672         | 1.739.120   | 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         |
| <b>TOTAL CASH OUTFLOWS</b>  |   |                   | <b>19.465.523</b>   | <b>8.173.079</b>  |
| <b>CASH INFLOWS</b>   |   |                   |   |                   |
| Secured receivables   | -   | -                 | -   | -                 |
| Unsecured receivables   | 22.443.029  | 2.236.840         | 21.545.401  | 1.520.242         |
| Other cash inflows  | 13.510.672  | 11.114.670        | 13.510.672  | 11.114.670        |
| <b>TOTAL CASH INFLOWS</b>   | <b>35.953.701</b>   | <b>13.351.510</b> | <b>35.056.073</b>   | <b>12.634.912</b> |
|   |   |                   | <b>Upper Limit Applied Amounts</b>  |                   |
| <b>TOTAL HIGH-QUALITY LIQUID ASSETS</b>   |   |                   | <b>9.553.252</b>  | <b>2.085.924</b>  |
| <b>TOTAL NET CASH OUTFLOWS</b>  |   |                   | <b>4.866.381</b>  | <b>2.043.270</b>  |
| <b>LIQUIDITY COVERAGE RATIO (%)</b>   |   |                   | <b>196,31</b>   | <b>102,09</b>     |

<sup>(\*)</sup> The average of last three months' liquidity coverage ratios calculated by weekly simple averages.

**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)**

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

**2. Liquidity coverage ratio (Continued):**

|   | Rate of “Percentage to be Taken into Account”<br>not Implemented Total Value <sup>(*)</sup> |                   | Rate of “Percentage to be Taken into Account”<br>Implemented Total Value <sup>(*)</sup> |                  |
|---|---|-------------------|---|------------------|
| Prior Period (31.12.2022)   | TL+FC   | FC                | TL+FC   | FC               |
| <b>HIGH-QUALITY LIQUID ASSETS</b>   |   |                   |   |                  |
| Total high-quality liquid assets (HQLA)   | -   | -                 | 7.419.006   | 1.822.211        |
| <b>CASH OUTFLOWS</b>  |   |                   |   |                  |
| Retail and small business customers deposits  | -   | -                 | -   | -                |
| Stable deposits   | -   | -                 | -   | -                |
| Less stable deposits  | -   | -                 | -   | -                |
| Unsecured funding other than retail and small business customers deposits                         | 1.455.353   | 967.373           | 1.118.495   | 694.549          |
| Operational deposits  | -   | -                 | -   | -                |
| Non-operational deposits  | -   | -                 | -   | -                |
| Other unsecured funding   | 1.455.353   | 967.373           | 1.118.495   | 694.549          |
| Secured funding   |   |                   | -   | -                |
| Other cash outflows   | 13.163.710  | 5.874.404         | 13.163.710  | 5.874.404        |
| Liquidity needs related to derivatives and market valuation changes on derivatives transactions   | 13.163.710  | 5.874.404         | 13.163.710  | 5.874.404        |
| Debts related to structured financial products  | -   | -                 | -   | -                |
| Payment commitments related to debts to financial markets and other off-balance sheet liabilities | -   | -                 | -   | -                |
| Commitments that are unconditionally revocable at any time and other contractual commitments      | 10.544.421  | 8.309.344         | 527.221   | 415.467          |
| Other irrevocable or conditionally revocable commitments  | -   | -                 | -   | -                |
| <b>TOTAL CASH OUTFLOWS</b>  | -   | -                 | <b>14.809.426</b>   | <b>6.984.420</b> |
| <b>CASH INFLOWS</b>   |   |                   |   |                  |
| Secured receivables   | -   | -                 | -   | -                |
| Unsecured receivables   | 11.467.430  | 1.919.304         | 14.515.554  | 1.611.311        |
| Other cash inflows  | 13.176.494  | 8.366.518         | 13.176.494  | 8.366.518        |
| <b>TOTAL CASH INFLOWS</b>   | <b>24.643.924</b>   | <b>10.285.822</b> | <b>27.692.048</b>   | <b>9.977.829</b> |
|   |   |                   | <b>Upper Limit Applied Amounts</b>  |                  |
| <b>TOTAL HIGH-QUALITY LIQUID ASSETS</b>   |   |                   | <b>7.419.006</b>  | <b>1.822.211</b> |
| <b>TOTAL NET CASH OUTFLOWS</b>  |   |                   | <b>6.214.203</b>  | <b>2.325.645</b> |
| <b>LIQUIDITY COVERAGE RATIO (%)</b>   |   |                   | <b>119,39</b>   | <b>78,35</b>     |

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

**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)**

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

**3. Explanations related to liquidity coverage ratio**

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

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

**The explanation about elements of the high-quality liquid assets**

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

**Content of funds and their composition**

The main funding source of the Bank is loans attained from domestic and international financial institutions. The share of these resources in all funds is approximately 80,2%. 5,2% of the Bank's total funding consists of funds provided from Ministry of Treasury and Finance, borrowers and banks; 9,5% consists of subordinated debt instruments; 2,4% is provided from money markets and 2,7% consists of securities issued.

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

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

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

The fund sources of the Bank, whose field of activity is development 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 liquidity transfer which is needed by the Bank itself, its foreign branch and its consolidated subsidiary, and respective liquidity risk.**

None.

**TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.**
**Notes to the Unconsolidated Financial Statements as of 31 December 2023**

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

**SECTION FOUR (Continued)**
**INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)**
**VI. Explanations Related to Liquidity Risk Management and Liquidity Coverage Ratio (Continued):**
**4. Maturity analysis of assets and liabilities according to remaining maturities:**

|   | Demand             | Up to 1 Month     | 1-3 Months       | 3-12 Months       | 1-5 Years         | 5 Years and Over    | Undistributed <sup>(1)</sup> | Total              |
|---|--------------------|-------------------|------------------|-------------------|-------------------|---------------------|------------------------------|--------------------|
| <b>Current Period (31.12.2023)</b>  |                    |                   |                  |                   |                   |                     |                              |                    |
| <b>Assets</b>   |                    |                   |                  |                   |                   |                     |                              |                    |
| 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   | 80.783             | 4.844.282         | -                | -                 | -                 | -                   | -                            | 4.925.065          |
| 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           | 73.904           | 7.309.046         | 2.045.173         | 3.773.741           | -                            | 13.618.516         |
| Other assets  | -                  | 65.715            | -                | -                 | -                 | -                   | 651.290                      | 717.005            |
| <b>Total Assets<sup>(2)</sup></b>   | <b>693.160</b>     | <b>24.466.836</b> | <b>6.324.144</b> | <b>28.647.014</b> | <b>51.120.142</b> | <b>22.625.586</b>   | <b>970.592</b>               | <b>134.847.474</b> |
| <b>Liabilities</b>  |                    |                   |                  |                   |                   |                     |                              |                    |
| 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   | -                  | 2.884.276         | -                | -                 | -                 | -                   | -                            | 2.884.276          |
| Marketable securities issued  | -                  | -                 | -                | 65.177            | 1.221.095         | 2.035.155           | -                            | 3.321.427          |
| Miscellaneous payables  | 373.726            | -                 | -                | -                 | -                 | -                   | -                            | 373.726            |
| Other liabilities <sup>(3)</sup>  | 2.437.685          | 519.310           | 498.718          | 6.038.208         | -                 | 5.540.515           | 11.798.368                   | 26.832.804         |
| <b>Total Liabilities</b>  | <b>2.811.411</b>   | <b>7.598.945</b>  | <b>2.784.953</b> | <b>23.230.076</b> | <b>34.027.588</b> | <b>52.596.133</b>   | <b>11.798.368</b>            | <b>134.847.474</b> |
| <b>Liquidity Gap</b>  | <b>(2.118.251)</b> | <b>16.867.891</b> | <b>3.539.191</b> | <b>5.416.938</b>  | <b>17.092.554</b> | <b>(29.970.547)</b> | <b>(10.827.776)</b>          | <b>-</b>           |
| <b>Net Off-Balance Position</b>   | <b>-</b>           | <b>(33.007)</b>   | <b>(37.771)</b>  |                   | <b>-</b>          | <b>-</b>            | <b>-</b>                     | <b>(70.778)</b>    |
| Derivative Financial Assets   | -                  | 10.206.920        | 809.944          |                   | -                 | -                   | -                            | 11.016.864         |
| Derivative Financial Liabilities  | -                  | 10.239.927        | 847.715          |                   | -                 | -                   | -                            | 11.087.642         |
| <b>Non-Cash Loans</b>   | <b>84.924</b>      | <b>-</b>          | <b>-</b>         | <b>85.965</b>     | <b>-</b>          | <b>4.583.451</b>    | <b>-</b>                     | <b>4.754.340</b>   |
| <b>Prior Period (31.12.2022)</b>  |                    |                   |                  |                   |                   |                     |                              |                    |
| <b>Total Assets</b>   | <b>376.575</b>     | <b>17.455.511</b> | <b>4.142.539</b> | <b>18.822.963</b> | <b>35.106.787</b> | <b>14.905.193</b>   | <b>788.584</b>               | <b>91.598.152</b>  |
| <b>Total Liabilities</b>  | <b>3.141.202</b>   | <b>8.943.889</b>  | <b>1.072.693</b> | <b>12.022.247</b> | <b>29.609.847</b> | <b>29.516.591</b>   | <b>7.291.683</b>             | <b>91.598.152</b>  |
| <b>Liquidity Gap</b>  | <b>(2.764.627)</b> | <b>8.511.622</b>  | <b>3.069.846</b> | <b>6.800.716</b>  | <b>5.496.940</b>  | <b>(14.611.398)</b> | <b>(6.503.099)</b>           | <b>-</b>           |
| <b>Net Off-Balance Position</b>   | <b>-</b>           | <b>8.811</b>      | <b>167</b>       | <b>2.215</b>      | <b>-</b>          | <b>-</b>            | <b>-</b>                     | <b>11.193</b>      |
| 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         |
| <b>Non-Cash Loans</b>   | <b>72.364</b>      | <b>-</b>          | <b>-</b>         | <b>118.753</b>    | <b>68.919</b>     | <b>2.781.425</b>    | <b>-</b>                     | <b>3.041.461</b>   |

<sup>(1)</sup> 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.

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

<sup>(3)</sup> Subordinated loans are shown in the "Other Liabilities" line.

**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)**

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

**The 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.

| <b>Current Period<br/>(31.12.2023)</b>  | <b>Book<br/>Value</b> | <b>Total</b>       | <b>Up To 1<br/>Month</b> | <b>1-3<br/>Months</b> | <b>3-12<br/>Months</b> | <b>1-5 Years</b>  | <b>5 Years<br/>and above</b> |
|---|-----------------------|--------------------|--------------------------|-----------------------|------------------------|-------------------|------------------------------|
| <b>Liabilities</b>                      |                       |                    |                          |                       |                        |                   |                              |
| 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                  | 2.884.276             | 2.884.276          | 2.884.276                | -                     | -                      | -                 | -                            |
| Issued Securities                       | 3.321.427             | 4.328.670          | -                        | 82.255                | 82.255                 | 1.820.096         | 2.344.064                    |
| Subordinated Debt Instruments           | 11.578.723            | 25.261.806         | -                        | -                     | 6.141.140              | -                 | 19.120.666                   |
| <b>Total</b>                            | <b>119.219.667</b>    | <b>175.251.434</b> | <b>7.301.438</b>         | <b>3.077.189</b>      | <b>28.393.484</b>      | <b>54.325.472</b> | <b>82.153.851</b>            |

| <b>Prior Period<br/>(31.12.2022)</b>    | <b>Book<br/>Value</b> | <b>Total</b>       | <b>Up To 1<br/>Month</b> | <b>1-3<br/>Months</b> | <b>3-12<br/>Months</b> | <b>1-5 Years</b>  | <b>5 Years<br/>and above</b> |
|---|-----------------------|--------------------|--------------------------|-----------------------|------------------------|-------------------|------------------------------|
| <b>Yükümlülükler</b>                    |                       |                    |                          |                       |                        |                   |                              |
| 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                  | 2.960.566             | 2.960.566          | 2.960.566                | -                     | -                      | -                 | -                            |
| Issued Securities                       | 2.018.433             | 2.121.457          | -                        | -                     | -                      | -                 | 2.121.457                    |
| Subordinated Debt Instruments           | 6.947.336             | 19.095.563         | -                        | -                     | -                      | 3.754.938         | 15.340.625                   |
| <b>Total</b>                            | <b>80.633.256</b>     | <b>107.761.702</b> | <b>3.607.610</b>         | <b>1.373.229</b>      | <b>14.243.937</b>      | <b>37.379.134</b> | <b>51.157.792</b>            |

The contractual maturity analysis of the Bank's derivative instruments is as follows:

| <b>Current Perios<br/>(31.12.2023)</b> | <b>Total</b> | <b>Up To 1<br/>Month</b> | <b>1-3 Months</b> | <b>3-12<br/>Months</b> | <b>1-5 Years</b> | <b>5 Years<br/>and above</b> |
|--|--------------|--------------------------|-------------------|------------------------|------------------|------------------------------|
| Swap transactions                      | 11.098.952   | 10.099.891               | 999.061           | -                      | -                | -                            |

| <b>Prior Period<br/>(31.12.2022)</b> | <b>Total</b> | <b>Up To 1<br/>Month</b> | <b>1-3 Months</b> | <b>3-12<br/>Months</b> | <b>1-5 Years</b> | <b>5 Years<br/>and above</b> |
|--------------------------------------|--------------|--------------------------|-------------------|------------------------|------------------|------------------------------|
| Swap transactions                    | 12.629.379   | 12.382.628               | 188.407           | 58.344                 | -                | -                            |



**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)**

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

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

| <b>Curent Period<br/>(31.12.2023)</b> | <b>Demand</b> | <b>Up To 1<br/>Month</b> | <b>1-3<br/>Months</b> | <b>3-12<br/>Months</b> | <b>1-5 Years</b> | <b>5 Years<br/>and above</b> | <b>Total</b>     |
|---------------------------------------|---------------|--------------------------|-----------------------|------------------------|------------------|------------------------------|------------------|
| Letters Of Credit                     | -             | -                        | -                     | -                      | -                | -                            | -                |
| Endorsements                          | -             | -                        | -                     | -                      | -                | -                            | -                |
| Letters of<br>Guarantee               | 84.924        | -                        | -                     | 85.965                 | -                | 3.974.191                    | 4.145.080        |
| Acceptance loans                      | -             | -                        | -                     | -                      | -                | -                            | -                |
| Other                                 | -             | -                        | -                     | -                      | -                | 609.260                      | 609.260          |
| <b>Total</b>                          | <b>84.924</b> | <b>-</b>                 | <b>-</b>              | <b>85.965</b>          | <b>-</b>         | <b>4.583.451</b>             | <b>4.754.340</b> |

| <b>Prior Period<br/>(31.12.2022)</b> | <b>Demand</b> | <b>Up To 1<br/>Month</b> | <b>1-3<br/>Months</b> | <b>3-12<br/>Months</b> | <b>1-5 Years</b> | <b>5 Years<br/>and above</b> | <b>Total</b>     |
|--------------------------------------|---------------|--------------------------|-----------------------|------------------------|------------------|------------------------------|------------------|
| Letters Of Credit                    | -             | -                        | -                     | 118.700                | -                | -                            | 118.700          |
| Endorsements                         | -             | -                        | -                     | -                      | -                | -                            | -                |
| Letters of<br>Guarantee              | 72.364        | -                        | -                     | 53                     | 68.919           | 2.339.860                    | 2.481.196        |
| Acceptance loans                     | -             | -                        | -                     | -                      | -                | -                            | -                |
| Other                                | -             | -                        | -                     | -                      | -                | 441.565                      | 441.565          |
| <b>Total</b>                         | <b>72.364</b> | <b>-</b>                 | <b>-</b>              | <b>118.753</b>         | <b>68.919</b>    | <b>2.781.425</b>             | <b>3.041.461</b> |

**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)**

**VII. Explanation Related to Leverage Ratio:**

In the current period, the rate of increase in Tier 1 capital was higher than the rate of increase in total risk amount. As of 31 December 2023, the Bank's leverage ratio calculated from the average of three months is 11,77% (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.

| <b>On-balance sheet assets</b>  | <b>Current Period<br/>(31.12.2023) <sup>(*)</sup></b> | <b>Prior Period<br/>(31.12.2022) <sup>(*)</sup></b> |
|---|---|---|
| Balance sheet assets (Excluding derivative financial instruments and credit derivatives, including collaterals) | 131.471.900   | 86.558.604  |
| (Assets deducted in determining Tier 1 capital)   | -   | -   |
| Total risk amount of on-balance sheet assets  | 131.471.900   | 86.558.604  |
| <b>Derivative financial instruments and loan derivatives</b>  |   |   |
| Replacement cost of derivative financial instruments and loan derivatives                                       | -   | -   |
| Potential loan risk amount of derivative financial instruments and loan derivatives                             | 812.874   | 993.478   |
| Total risk amount of derivative financial instruments and loan derivatives                                      | 812.874   | 993.478   |
| <b>Financing transactions secured by marketable security or commodity</b>                                       |   |   |
| Risk amount of financing transactions secured by marketable security or commodity (excluding on-balance sheet)  | 1.783.470   | 2.311.787   |
| Risk amount from brokerage activities   | -   | -   |
| Total risk amount of financing transactions secured by marketable security or commodity                         | 1.783.470   | 2.311.787   |
| <b>Off-balance sheet items</b>  |   |   |
| Gross notional amount of off-balance sheet transactions   | 13.745.282  | 14.293.171  |
| (Adjustments amount due to multiplication with credit conversion rates)   | (7.413.630)   | (9.736.392)   |
| Total risk amount of off-balance sheet transactions   | 6.331.652   | 4.556.779   |
| <b>Capital and total risks</b>  |   |   |
| Tier 1 capital  | 16.520.462  | 10.552.034  |
| Total risks   | 140.399.896   | 94.420.648  |
| <b>Leverage ratio</b>   |   |   |
| Leverage ratio  | 11,77   | 11,18   |

<sup>(\*)</sup> Calculated by taking the average of the last three months financial statements' data.

**SECTION FOUR (Continued)**

**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.

|  | <b>Book Value (*)</b>                  |                                      | <b>Fair Value</b>                      |                                      |
|--|--|--------------------------------------|--|--------------------------------------|
|  | <b>Current Period<br/>(31.12.2023)</b> | <b>Prior Period<br/>(31.12.2022)</b> | <b>Current Period<br/>(31.12.2023)</b> | <b>Prior Period<br/>(31.12.2022)</b> |
| <b>Financial Assets</b>  | <b>135.566.654</b>                     | <b>92.231.685</b>                    | <b>136.109.818</b>                     | <b>92.645.168</b>                    |
| Money markets placements   | 17.046.025                             | 6.634.417                            | 17.046.025                             | 6.634.417                            |
| Banks  | 4.929.464                              | 8.757.978                            | 4.929.464                              | 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                                | 13.620.387                             | 7.562.223                            | 13.519.234                             | 7.760.207                            |
| Loans  | 84.158.708                             | 60.340.295                           | 84.803.025                             | 60.555.794                           |
| <b>Financial Liabilities</b>   | <b>116.709.117</b>                     | <b>78.007.751</b>                    | <b>116.742.431</b>                     | <b>77.736.285</b>                    |
| 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  | 3.321.427                              | 2.018.433                            | 3.305.501                              | 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.

**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)**

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

**Information on fair value measurements recognized in the financial statements:**

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

| <b>Current Period (31.12.2023)</b>                                       | <b>Level 1</b>    | <b>Level 2</b> | <b>Level 3</b> |
|--|-------------------|----------------|----------------|
| <b>Financial Assets at Fair Value Through Profit or Loss</b>             | -                 | -              | <b>591.455</b> |
| Debt securities  | -                 | -              | -              |
| Share certificates   | -                 | -              | 591.455        |
| Other  | -                 | -              | -              |
| <b>Financial Assets at Fair Value Through Other Comprehensive Income</b> | <b>14.968.360</b> | <b>233.893</b> | <b>4.186</b>   |
| Debt securities  | 14.968.360        | 233.893        | -              |
| Share certificates <sup>(1)</sup>  | -                 | -              | 4.186          |
| Other  | -                 | -              | -              |
| <b>Derivative Financial Assets</b>                                       | -                 | <b>65.716</b>  | -              |
| <b>Investment in Associates and Subsidiaries<sup>(1)</sup></b>           | -                 | -              | -              |
| <b>Derivative Financial Liabilities</b>                                  | -                 | <b>18.299</b>  | -              |

<sup>(1)</sup> 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

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

<sup>(1)</sup> 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

**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)**

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

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

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

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

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

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

**X. Explanations Related to Risk Management:**

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

**The Bank's risk management approach:**

It should be emphasized firstly that the Bank is actively using committees and risk budgeting in decision-making mechanisms and risk management processes while assessing risk management performance in addition to the functional and financial performance, which has operational mechanisms based on a wide range of activities. Within the framework of the Bank's vision, mission, strategic objectives and targets set by the Board of Directors and risk management policies and strategies; the Asset and Liability 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.

**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)**

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

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

**The Bank's risk management approach (Continued):**

The general principle of the risk policies followed by the Bank where 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.

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.

**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)**

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

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

**The Bank's risk management approach (Continued):**

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

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

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

- i- Balance sheet and 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.

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

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

**Overview of risk weighted amounts:**

|    |   | Risk Weighted Amount           |                              | Minimum Capital Requirement    |
|----|---|--------------------------------|------------------------------|--------------------------------|
|    |   | Current Period<br>(31.12.2023) | Prior Period<br>(31.12.2022) | Current Period<br>(31.12.2023) |
| 1  | Credit risk (excluding counterparty credit risk) (CCR)                                | 99.032.622                     | 74.807.459                   | 7.922.610                      |
| 2  | Of which standardized approach (SA)   | 99.032.622                     | 74.807.459                   | 7.922.610                      |
| 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   | 14.226.213                     | 107.525                      | 1.138.097                      |
| 17 | Of which standardized approach (SA)   | 14.226.213                     | 107.525                      | 1.138.097                      |
| 18 | Of which internal model approaches (IMM)  | -                              | -                            | -                              |
| 19 | Operational Risk  | 3.333.759                      | 1.883.165                    | 266.701                        |
| 20 | Of which basic indicator approach   | 3.333.759                      | 1.883.165                    | 266.701                        |
| 21 | Of which standardized approach  | -                              | -                            | -                              |
| 22 | Of which advanced measurement approach  | -                              | -                            | -                              |
| 23 | Amounts below the thresholds for deduction from capital (subject to 250% risk weight) | -                              | -                            | -                              |
| 24 | Floor adjustments   | -                              | -                            | -                              |
| 25 | <b>Total (1+4+7+8+9+10+11+12+16+19+23+24)</b>   | <b>117.205.130</b>             | <b>77.490.581</b>            | <b>9.376.411</b>               |



**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)**

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

**2. Credit risk explanations**

**General qualitative information on credit risk:**

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

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

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

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

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

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

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

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

**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)**

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

**2. Credit risk explanations:**

**General qualitative information on credit risk:**

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.

**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)**

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

**2. Credit risk explanations (Continued):**

**Credit quality of assets:**

| Current Period<br>(31.12.2023) |                             | Default (a)                     | Not Overdue<br>(b) | Provisions/Amortisations<br>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             | -                               | 28.824.269         | (8.659)  | 28.815.610        |
| 3                              | Off-balance sheet<br>assets | 2                               | 4.754.338          | (53.480)                                       | 4.700.860         |
| 4                              | Total                       | 848.084                         | 116.889.233        | (1.483.233)                                    | 116.254.084       |

| Prior Period<br>(31.12.2022) |                             | Default (a)                     | Not Overdue<br>(b) | Provisions/Amortisations<br>and Impairment (c) | Net Value (a+b-c) |
|------------------------------|-----------------------------|---------------------------------|--------------------|--|-------------------|
|                              |                             | Gross carrying value as per TAS |                    |  |                   |
|                              |                             |                                 |                    |  |                   |
| 1                            | Loans                       | 894.374                         | 59.445.921         | (1.107.637)                                    | 59.232.658        |
| 2                            | Debt securities             | -                               | 16.205.801         | (19.972)                                       | 16.185.829        |
| 3                            | Off-balance sheet<br>assets | 2                               | 3.041.459          | (49.545)                                       | 2.991.916         |
| 4                            | Total                       | 894.376                         | 78.693.181         | (1.177.154)                                    | 78.410.403        |

**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   |

**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)**

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

**2. Credit risk explanations (Continued):**

**Additional disclosures about the credit quality of assets:**

The Bank evaluates its financial assets in 3 Stages within the scope of TFRS 9. In this context, 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**

| <b>Current Period (31.12.2023)</b> | <b>Non-performing loans</b> | <b>Stage 3 Expected Credit Loss</b> |
|------------------------------------|-----------------------------|-------------------------------------|
| Domestic                           | 848.082                     | 528.780                             |
| European Countries                 | -                           | -                                   |
| OECD Countries                     | -                           | -                                   |
| <b>Total</b>                       | <b>848.082</b>              | <b>528.780</b>                      |

| <b>Prior Period (31.12.2022)</b> | <b>Non-performing loans</b> | <b>Stage 3 Expected Credit Loss</b> |
|----------------------------------|-----------------------------|-------------------------------------|
| Domestic                         | 894.374                     | 567.821                             |
| European Countries               | -                           | -                                   |
| OECD Countries                   | -                           | -                                   |
| <b>Total</b>                     | <b>894.374</b>              | <b>567.821</b>                      |

**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)**

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

**2. Credit risk explanations (Continued):**

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

**Information in terms of major sectors and type of counterparties**

| <b>Current Period (31.12.2023)</b> | <b>Loans</b>      | <b>Non-Performing Loans</b> | <b>Expected Loss Provision</b> | <b>Total (Net)</b> |
|------------------------------------|-------------------|-----------------------------|--------------------------------|--------------------|
| <b>Agriculture</b>                 | <b>426.371</b>    | <b>-</b>                    | <b>498</b>                     | <b>425.873</b>     |
| Farming and animal breeding        | -                 | -                           | -                              | -                  |
| Forestry                           | -                 | -                           | -                              | -                  |
| Fishery                            | 426.371           | -                           | 498                            | 425.873            |
| <b>Industry</b>                    | <b>72.145.595</b> | <b>751.728</b>              | <b>1.309.764</b>               | <b>71.587.559</b>  |
| 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         |
| <b>Construction</b>                | <b>1.010.628</b>  | <b>-</b>                    | <b>13.243</b>                  | <b>997.385</b>     |
| <b>Service</b>                     | <b>9.728.032</b>  | <b>95.220</b>               | <b>96.455</b>                  | <b>9.726.797</b>   |
| 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            |
| <b>Other</b>                       | <b>-</b>          | <b>1.134</b>                | <b>1.134</b>                   | <b>-</b>           |
| <b>Total</b>                       | <b>83.310.626</b> | <b>848.082</b>              | <b>1.421.094</b>               | <b>82.737.614</b>  |

**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)**

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

**2. Credit risk explanations (Continued):**

**Information in terms of major sectors and type of counterparties**

| <b>(Prior Period 31.12.2022)</b> | <b>Loans</b>      | <b>Non-Performing Loans</b> | <b>Expected Loss Provision</b> | <b>Total (Net)</b> |
|----------------------------------|-------------------|-----------------------------|--------------------------------|--------------------|
| <b>Agriculture</b>               | -                 | -                           | -                              | -                  |
| Farming and animal breeding      | -                 | -                           | -                              | -                  |
| Forestry                         | -                 | -                           | -                              | -                  |
| Fishery                          | -                 | -                           | -                              | -                  |
| <b>Industry</b>                  | <b>42.973.937</b> | <b>850.019</b>              | <b>1.012.119</b>               | <b>42.811.837</b>  |
| 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         |
| <b>Construction</b>              | <b>698.848</b>    | -                           | <b>5.294</b>                   | <b>693.554</b>     |
| <b>Service</b>                   | <b>15.258.960</b> | <b>43.221</b>               | <b>87.660</b>                  | <b>15.214.521</b>  |
| 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            |
| <b>Other</b>                     | <b>514.176</b>    | <b>1.134</b>                | <b>2.564</b>                   | <b>512.746</b>     |
| <b>Total</b>                     | <b>59.445.921</b> | <b>894.374</b>              | <b>1.107.637</b>               | <b>59.232.658</b>  |

**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)**

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

**2. Credit risk explanations (Continued):**

**Maturity analysis for non-performing loans**

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

| <b>Prior Period (31.12.2022)</b> | <b>Up to 3 Months</b> | <b>3-12 Months</b> | <b>1-3 Years</b> | <b>3-5 Years</b> | <b>5 Years and above</b> |
|----------------------------------|-----------------------|--------------------|------------------|------------------|--------------------------|
| Corporate and Commercial Loans   | -                     | -                  | 842.966          | -                | 50.274                   |
| Other                            | -                     | -                  | -                | -                | 1.134                    |
| <b>Total</b>                     | <b>-</b>              | <b>-</b>           | <b>842.966</b>   | <b>-</b>         | <b>51.408</b>            |

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

|  | <b>Current Period<br/>(31.12.2023)</b> |                                 | <b>Prior Period<br/>(31.12.2022)</b> |                                 |
|--|--|---------------------------------|--------------------------------------|---------------------------------|
|  | <b>Loan Balance</b>                    | <b>Expected Loss Provisions</b> | <b>Loan Balance</b>                  | <b>Expected Loss Provisions</b> |
| 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                             |
| <b>Toplam</b>                          | <b>1.930.507</b>                       | <b>551.705</b>                  | <b>627.820</b>                       | <b>21.714</b>                   |

**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)**

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

**2. Credit risk explanations (Continued):**

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

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

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

**Overview of credit risk mitigation techniques:**

|   | <b>Current Period<br/>(31.12.2023)</b> | <b>Exposures<br/>unsecured:<br/>carrying<br/>amount as per<br/>TAS</b> | <b>Exposures<br/>secured by<br/>collateral</b> | <b>Collateralized<br/>amount of<br/>exposures<br/>secured by<br/>collateral</b> | <b>Exposures<br/>secured by<br/>financial<br/>guarantees</b> | <b>Collateralized<br/>amount of<br/>exposures<br/>secured by<br/>financial<br/>guarantees</b> | <b>Exposures<br/>secured by<br/>credit<br/>derivatives</b> | <b>Collateralized<br/>amount of<br/>exposures<br/>secured by<br/>credit<br/>derivatives</b> |
|---|--|--|--|---|--|---|--|---|
| 1 | Loans                                  | 4.307.948  | 79.850.760                                     | 100%  | -  | -   | -  | -   |
| 2 | Debt Instruments                       | -  | 28.824.269                                     | 100%  | -  | -   | -  | -   |
| 3 | <b>Total</b>                           | <b>4.307.948</b>   | <b>108.675.029</b>                             | <b>100%</b>   | -  | -   | -  | -   |
| 4 | Overdue                                | -  | 848.082  | 100%  | -  | -   | -  | -   |

|    | <b>Prior Period<br/>(31.12.2022)</b> | <b>Exposures<br/>unsecured:<br/>carrying<br/>amount as per<br/>TAS</b> | <b>Exposures<br/>secured by<br/>collateral</b> | <b>Collateralized<br/>amount of<br/>exposures<br/>secured by<br/>collateral</b> | <b>Exposures<br/>secured by<br/>financial<br/>guarantees</b> | <b>Collateralized<br/>amount of<br/>exposures<br/>secured by<br/>financial<br/>guarantees</b> | <b>Exposures<br/>secured by<br/>credit<br/>derivatives</b> | <b>Collateralized<br/>amount of<br/>exposures<br/>secured by<br/>credit<br/>derivatives</b> |
|----|--------------------------------------|--|--|---|--|---|--|---|
| 41 | Loans                                | 3.014.941  | 57.325.354                                     | 100%  | -  | -   | -  | -   |
| 2  | Debt Instruments                     | -  | 16.205.801                                     | 100%  | -  | -   | -  | -   |
| 3  | <b>Total</b>                         | <b>3.014.941</b>   | <b>73.531.155</b>                              | <b>100%</b>   | -  | -   | -  | -   |
| 4  | Overdue                              | -  | 894.374  | 100%  | -  | -   | -  | -   |

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

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



**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)**

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

**2. Credit risk explanations (Continued):**

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

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

| Current Period<br>(31.12.2023)                                 | Exposures before CCF<br>and<br>CRM |                             | Exposures post-CCF<br>and<br>CRM |                                | Risk Weighted Amount<br>and Intensity of Risk<br>Weighted Amount |   |
|--|------------------------------------|-----------------------------|----------------------------------|--------------------------------|--|---|
|  | On-balance<br>sheet<br>amount      | Off-balance<br>sheet amount | On-balance<br>sheet<br>amount    | Off-balance<br>sheet<br>amount | Risk<br>weighted<br>amount                                       | Intensity of<br>risk weighted<br>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                     | 36.330.127                       | 131.465                        | 18.671.455   | 51,2%                                   |
| 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                            | -                           | 619.070                          | -                              | 618.048  | 99,8%                                   |
| Equity share investments                                       | -                                  | -                           | -                                | -                              | -  | -                                       |
| <b>Total</b>   | <b>122.188.568</b>                 | <b>12.920.045</b>           | <b>122.755.029</b>               | <b>4.885.850</b>               | <b>99.514.314</b>  | <b>78,0%</b>                            |

**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)**

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

**2. Credit risk explanations (Continued):**

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

| <b>Prior Period<br/>(31.12.2022)</b>                           | <b>Exposures before CCF and CRM</b> |                                 | <b>Exposures post-CCF and CRM</b> |                                 | <b>Risk Weighted Amount and Intensity of Risk Weighted Amount</b> |  |
|--|-------------------------------------|---------------------------------|-----------------------------------|---------------------------------|---|--|
| <b>Risk Class</b>  | <b>On-balance sheet amount</b>      | <b>Off-balance sheet amount</b> | <b>On-balance sheet amount</b>    | <b>Off-balance sheet amount</b> | <b>Risk weighted amount</b>                                       | <b>Intensity of risk weighted amount</b> |
| 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                        | 31.060.345                          | 127.915                         | 33.698.974                        | 63.963                          | 20.397.748  | 60,4%                                    |
| Exposures to corporates  | 45.465.120                          | 14.824.353                      | 43.223.442                        | 2.982.102                       | 46.205.544  | 100,0%                                   |
| Retail exposures   | -                                   | -                               | -                                 | -                               | -   | -  |
| Exposures secured by residential property                      | 48.384                              | -                               | 48.384                            | -                               | 16.934  | 35,0%                                    |
| Exposures secured by commercial property                       | 1.173.371                           | -                               | 1.173.371                         | -                               | 682.090   | 58,1%                                    |
| Past-due receivables   | 326.553                             | -                               | 326.553                           | -                               | 163.277   | 50,0%                                    |
| Exposures in high-risk categories by the Agency Board          | -                                   | -                               | -                                 | -                               | -   | -  |
| Collateralized securities                                      | -                                   | -                               | -                                 | -                               | -   | -  |
| Short term exposures to banks, brokerage houses and corporates | -                                   | -                               | -                                 | -                               | -   | -  |
| Exposures in the form of collective investment undertakings    | 129.401                             | 6.006                           | 129.401                           | 6.006                           | 135.407   | 100,0%                                   |
| Other exposures  | 440.760                             | -                               | 440.759                           | -                               | 438.587   | 99,5%                                    |
| Equity share investments                                       | -                                   | -                               | -                                 | -                               | -   | -  |
| <b>Total</b>   | <b>92.219.982</b>                   | <b>14.958.275</b>               | <b>93.165.861</b>                 | <b>3.052.071</b>                | <b>75.303.411</b>   | <b>78,3%</b>                             |

**TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.****Notes to the Unconsolidated Financial Statements as of 31 December 2023**

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

**SECTION FOUR (Continued)****INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)****X. Explanations Related to Risk Management (Continued):****2. Credit risk explanations (Continued):****Standard Approach: Exposures by asset classes and risk weights:**

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

| <b>Current Period (31.12.2023)</b> |  |                  |          |                   |          |               |                   |          |                   |          |          |                |                                       |
|------------------------------------|--|------------------|----------|-------------------|----------|---------------|-------------------|----------|-------------------|----------|----------|----------------|---------------------------------------|
|                                    | 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           | -        | 15.208.902        | -        | -             | 10.629.701        | -        | 10.309.931        | -        | -        | 244.686        | 36.461.592                            |
| 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            | -        | -                 | -        | -             | -                 | -        | 618.049           | -        | -        | -              | 619.070                               |
| 18                                 | <b>Total</b>   | <b>9.095.069</b> | <b>-</b> | <b>15.208.902</b> | <b>-</b> | <b>51.762</b> | <b>13.181.873</b> | <b>-</b> | <b>89.858.587</b> | <b>-</b> | <b>-</b> | <b>244.686</b> | <b>127.640.879</b>                    |

**TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.**

**Notes to the Unconsolidated Financial Statements as of 31 December 2023**

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

**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)**

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

**2. Credit risk explanations (Continued):**

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

| Prior Period (31.12.2022) |  |                  |          |                   |          |               |                  |          |                   |          |          |                | Total risk amount<br>(after CCF and CRM) |
|---------------------------|--|------------------|----------|-------------------|----------|---------------|------------------|----------|-------------------|----------|----------|----------------|--|
|                           | Risk Class/Risk Weight   | 0%               | 10%      | 20%               | 25%      | 35%           | 50%              | 75%      | 100%              | 150%     | 250%     | Other          |  |
| 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          | -        | 15.514.703        | -        | -             | 1.403.024        | -        | 16.590.778        | -        | -        | 125.916        | 33.762.937                               |
| 7                         | Exposures to corporates  | -                | -        | -                 | -        | -             | -                | -        | 46.205.544        | -        | -        | -              | 46.205.544                               |
| 8                         | Retail exposures   | -                | -        | -                 | -        | -             | -                | -        | -                 | -        | -        | -              | -  |
| 9                         | Exposures secured by residential property                      | -                | -        | -                 | -        | 48.384        | -                | -        | -                 | -        | -        | -              | 48.384                                   |
| 10                        | Exposures secured by commercial property                       | -                | -        | -                 | -        | -             | 982.563          | -        | 190.808           | -        | -        | -              | 1.173.371                                |
| 11                        | Past-due 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            | -        | -                 | -        | -             | -                | -        | 438.587           | -        | -        | -              | 440.759                                  |
| 18                        | <b>Total</b>   | <b>6.991.841</b> | <b>-</b> | <b>15.514.703</b> | <b>-</b> | <b>48.384</b> | <b>2.712.140</b> | <b>-</b> | <b>70.824.948</b> | <b>-</b> | <b>-</b> | <b>125.916</b> | <b>96.217.932</b>                        |

**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)**

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

**3. Explanations on counterparty credit risk:**

**Evaluation of counterparty credit risk according to measurement methods:**

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

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

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

|          | <b>Current Period<br/>(31.12.2023)</b>  | <b>Replacement<br/>Cost</b> | <b>Potential Credit<br/>Risk Amount</b> | <b>EEPE</b> | <b>Alpha Used for<br/>Computing<br/>Regulatory EAD</b> | <b>EAD Post-<br/>CRM</b> | <b>Risk<br/>Weighted<br/>Amounts</b> |
|----------|---|-----------------------------|---|-------------|--|--------------------------|--------------------------------------|
| <b>1</b> | Standardized Approach - CCR (for derivatives)   | 50.728                      | 527.402                                 |             | 1,4  | 809.381                  | 610.166                              |
| <b>2</b> | Internal Model Method (for derivative transactions and security financing transactions)   |                             |   | -           | -  | -                        | -                                    |
| <b>3</b> | Simple financial collateral method used for CRM (for securities financing transactions)   |                             |   |             |  | -                        | -                                    |
| <b>4</b> | Comprehensive financial collateral method used for CRM (for securities financing transactions)  |                             |   |             |  | -                        | -                                    |
| <b>5</b> | 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                                |
| <b>6</b> | <b>Total</b>  |                             |   |             |  |                          | <b>612.536</b>                       |

**SECTION FOUR (Continued)****INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)****X. Explanations Related to Risk Management (Continued):****3. Explanations on counterparty credit risk (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 | <b>Total</b>  |                  |                              |      |   |              | <b>692.432</b>        |

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

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               |

**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)**

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

**3. Explanations on counterparty credit risk (Continued):**

**Capital Requirement for CVA (Continued):**

|          | <b>Prior Period (31.12.2022)</b>   | <b>Risk Amount (After using credit risk mitigation techniques)</b> | <b>Risk-Weighted Amounts</b> |
|----------|--|--|------------------------------|
|          | Total amount of portfolios subject to CVA capital requirement according to the advanced method | -  | -                            |
| <b>1</b> | (i) Value-at-risk component (including 3*multiplier)   | -  | -                            |
| <b>2</b> | (ii) Stress value-at-risk (including 3*multiplier)   | -  | -                            |
| <b>3</b> | Total amount of portfolios subject to CVA capital requirement according to the standard method | 945.880  | 196.143                      |
| <b>4</b> | Total amount subject to CVA capital requirement  | 945.880  | 196.143                      |

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

| <b>Current Period (31.12.2023)</b>                             |               |     |     |     |     |                |      |                |                           |
|--|---------------|-----|-----|-----|-----|----------------|------|----------------|---------------------------|
| Risk Weights/Risk Class  | %0            | %10 | %20 | %50 | %75 | %100           | %150 | Other          | Total credit exposure (*) |
| Exposures to central governments and central banks             | 7.180         | -   | -   | -   | -   | 321.987        | -    | -              | 321.987                   |
| 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                        | 68.372        | -   | -   | -   | -   | 285.655        | -    | 244.686        | 290.549                   |
| Exposures to corporates  | -             | -   | -   | -   | -   | -              | -    | -              | -                         |
| Retail exposures   | -             | -   | -   | -   | -   | -              | -    | -              | -                         |
| Other assets   | -             | -   | -   | -   | -   | -              | -    | -              | -                         |
| <b>Total</b>   | <b>75.552</b> | -   | -   | -   | -   | <b>607.642</b> | -    | <b>244.686</b> | <b>612.536</b>            |

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

**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)**

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

**3. Explanations on counterparty credit risk (Continued):**

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

| <b>Prior Period (31.12.2022)</b>                               |                |                |               |            |            |                |             |                |                                  |
|--|----------------|----------------|---------------|------------|------------|----------------|-------------|----------------|----------------------------------|
| <b>Risk Weights/Risk Class</b>                                 | <b>%0</b>      | <b>%10</b>     | <b>%20</b>    | <b>%50</b> | <b>%75</b> | <b>%100</b>    | <b>%150</b> | <b>Other</b>   | <b>Total credit exposure (*)</b> |
| 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   | -              | -              | -             | -          | -          | -              | -           | -              | -                                |
| <b>Total</b>   | <b>166.901</b> | <b>125.916</b> | <b>62.239</b> | <b>-</b>   | <b>-</b>   | <b>677.466</b> | <b>-</b>    | <b>125.916</b> | <b>692.432</b>                   |

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



**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)**

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

**3. Explanations on counterparty credit risk (Continued):**

**Collaterals for counterparty credit risk:**

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

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

| <b>Current Period<br/>(31.12.2023)</b> | Collaterals for derivative transactions |              |                   |              | Collaterals for other transactions |                   |
|--|---|--------------|-------------------|--------------|------------------------------------|-------------------|
|  | Collaterals received                    |              | Collaterals given |              | Collaterals received               | Collaterals given |
|  | Segregated                              | Unsegregated | Segregated        | Unsegregated |                                    |                   |
| Cash-domestic currency                 | -                                       | -            | -                 | -            | -                                  | -                 |
| Cash-foreign currency                  | -                                       | -            | -                 | -            | -                                  | -                 |
| Domestic sovereign debt                | -                                       | -            | 276.707           | -            | 247.294                            | 2.737.755         |
| Other sovereign debt                   | -                                       | -            | -                 | -            | -                                  | -                 |
| Government agency debt                 | -                                       | -            | -                 | -            | -                                  | -                 |
| Corporate bonds                        | -                                       | -            | -                 | -            | -                                  | -                 |
| Equity securities                      | -                                       | -            | -                 | -            | -                                  | -                 |
| Other collateral                       | -                                       | -            | -                 | -            | -                                  | -                 |
| <b>Total</b>                           | -                                       | -            | <b>276.707</b>    | -            | <b>247.294</b>                     | <b>2.737.755</b>  |

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

**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)**

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

**3. Explanations on counterparty credit risk (Continued):**

**Credit derivatives**

None.

**Exposures to central counterparties (CCP)**

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

**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)**

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

**3. Explanations on counterparty credit risk (Continued):**

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

**Explanations on securitizations**

None.

**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)**

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

**4. Explanations on market risk:**

**Qualitative information to be publicly disclosed on market risk:**

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

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

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

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

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

**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)**

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

**4. Explanations on market risk (Continued):**

**PR1-Market risk amounts based on standard approach:**

|   |   | <b>Current Period<br/>(31.12.2023)</b> | <b>Prior Period<br/>(31.12.2022)</b> |
|---|---|--|--------------------------------------|
|   |   | <b>RWA</b>                             | <b>RWA</b>                           |
|   | <b>Direct (cash) Products</b>             |  |                                      |
| 1 | Interest rate risk (general and specific) | 14.150.941                             | -                                    |
| 2 | Equity risk (general and specific)        | -                                      | -                                    |
| 3 | Foreign exchange risk                     | 75.272                                 | 107.525                              |
| 4 | Commodity risk                            | -                                      | -                                    |
|   | <b>Options</b>                            |  |                                      |
| 5 | Simplified approach                       | -                                      | -                                    |
| 6 | Delta-plus method                         | -                                      | -                                    |
| 7 | Scenario approach                         | -                                      | -                                    |
| 8 | Securitization                            | -                                      | -                                    |
| 9 | <b>Total</b>                              | <b>14.226.213</b>                      | <b>107.525</b>                       |

**5. Link between the financial statements and risk amounts:**

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

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

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

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

**TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.****Notes to the Unconsolidated Financial Statements as of 31 December 2023**

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

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

| Current Period (31.12.2023)                                       | Carrying values in financial statements prepared as per TAS within the scope of legal consolidation | Items in accordance with TMS |                              |                          |                        |  |
|---|---|------------------------------|------------------------------|--------------------------|------------------------|--|
|   |   | Subject to credit risk       | The counterparty credit risk | Securitization positions | Subject to market risk | Not subject to capital requirements or subject to deduction from capital |
| <b>Assets</b>   |   |                              |                              |                          |                        |  |
| Cash and balances with the Central Bank                           | 2.560   | 2.560                        | -                            | -                        | -                      | -  |
| Financial assets held for trading                                 | 318.816   | 318.816                      | -                            | -                        | -                      | -  |
| Financial assets at fair value through profit or loss             | 272.639   | 272.639                      | -                            | -                        | -                      | -  |
| Banks   | 4.925.065   | 4.925.064                    | -                            | -                        | -                      | -  |
| Money market receivables  | 17.034.644  | 16.795.103                   | 239.542                      |                          |                        |  |
| Financial assets at fair value through other comprehensive income | 15.220.615  | 1.322.568                    | -                            | -                        | 13.898.047             | -  |
| Derivative financial assets                                       | 65.716  | 65.716                       | -                            | -                        | -                      | -  |
| Loans and receivables   | 82.737.614  | 82.737.614                   | -                            | -                        | -                      | -  |
| Factoring receivables   | -   | -                            | -                            | -                        | -                      | -  |
| Financial assets measured at amortised cost                       | 13.618.516  | 13.618.515                   | -                            | -                        | -                      | -  |
| Associates  | 10.586  | 10.586                       | -                            | -                        | -                      | -  |
| Subsidiaries  | 16.746  | 16.746                       |                              |                          |                        |  |
| Lease receivables   | 3   | 3                            | -                            | -                        | -                      | -  |
| Tangible assets (net)   | 42.366  | 42.366                       | -                            | -                        | -                      | -  |
| Intangible assets (net)   | 32.252  | -                            | -                            | -                        | -                      | 32.252   |
| Investment properties (net)                                       | -   | -                            | -                            | -                        | -                      | -  |
| Tax asset   | 322.823   | 322.823                      | -                            | -                        | -                      | -  |
| Other assets  | 226.513   | 226.514                      | -                            | -                        | -                      | -  |
| <b>Total Assets</b>   | <b>134.847.474</b>  | <b>120.677.633</b>           | <b>239.542</b>               | <b>-</b>                 | <b>13.898.047</b>      | <b>32.252</b>  |

**TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.****Notes to the Unconsolidated Financial Statements as of 31 December 2023**

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

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

| Current Period (31.12.2023)                                      | Carrying values in financial statements prepared as per TAS within the scope of legal consolidation | Items in accordance with TMS |                              |                          |                        |  |
|--|---|------------------------------|------------------------------|--------------------------|------------------------|--|
|  |   | Subject to credit risk       | The counterparty credit risk | Securitization positions | Subject to market risk | Not subject to capital requirements or subject to deduction from capital |
| <b>Liabilities</b>   |   |                              |                              |                          |                        |  |
| Deposit  | -   | -                            | -                            | -                        | -                      | -  |
| Derivative financial liabilities held for trading                | 18.299  | -                            | 18.299                       | -                        | -                      | -  |
| Funds borrowed   | 97.947.040  | -                            | -                            | -                        | -                      | -  |
| Money market funds   | 2.884.276   | -                            | 2.884.276                    | -                        | -                      | -  |
| Issued securities  | 3.321.427   | -                            | -                            | -                        | -                      | -  |
| Funds  | 6.397.933   | -                            | -                            | -                        | -                      | -  |
| Miscellaneous payables   | 373.726   | -                            | -                            | -                        | -                      | -  |
| Other external funding's payable                                 | 448.306   | -                            | -                            | -                        | -                      | -  |
| Factoring payables   | -   | -                            | -                            | -                        | -                      | -  |
| Debts from leasing transactions                                  | 20.737  | -                            | -                            | -                        | -                      | -  |
| Derivative financial liabilities for hedging purposes            | -   | -                            | -                            | -                        | -                      | -  |
| Provisions   | 428.541   | -                            | -                            | -                        | -                      | -  |
| Tax liability  | 545.981   | -                            | -                            | -                        | -                      | -  |
| Liabilities for assets held for sale and discontinued operations |   | -                            | -                            | -                        | -                      | -  |
| Subordinated debts   | 11.578.723  | -                            | -                            | -                        | -                      | -  |
| Shareholders' equity   | 10.882.485  | -                            | --                           | -                        | -                      | -  |
| <b>Total liabilities and equity</b>                              | <b>134.847.474</b>  | -                            | <b>2.902.575</b>             | -                        | -                      | -  |

**TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.****Notes to the Unconsolidated Financial Statements as of 31 December 2023**

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

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

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



**TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.****Notes to the Unconsolidated Financial Statements as of 31 December 2023**

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

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

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

**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)**

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

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

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

|   | <b>Current Period (31.12.2023)</b>   | 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      | 134.847.474        | 120.677.633            | -                        | 239.542                      | 13.898.047             |
| 2 | Carrying values of liabilities in accordance with TAS within legal consolidation | 134.847.474        | -                      | -                        | 2.884.276                    | -                      |
| 3 | <b>Total net amount under legal consolidation</b>                                | -                  | 120.677.636            | -                        | (2.644.734)                  | 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                            | -                  | -                      | -                        | -                            | -                      |
|   | <b>Risk amounts</b>  | <b>171.292.392</b> | <b>135.018.047</b>     | -                        | <b>19.459.773</b>            | <b>13.898.047</b>      |

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

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

**SECTION FOUR (Continued)**

**INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)**

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

**6. Explanations on operational risk:**

According to the Bank's Operational Risk Management Policy, operational risk management practices are developed taking into account 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.

| <b>Current Period<br/>(31.12.2023)</b>             | <b>31.12.2020</b> | <b>31.12.2021</b> | <b>31.12.2022</b> | <b>Total / Positive<br/>GI year number</b> | <b>Ratio<br/>(%)</b> | <b>Total</b>     |
|--|-------------------|-------------------|-------------------|--|----------------------|------------------|
| Gross income                                       | 770.717           | 1.486.643         | 3.076.654         | 1.778.005                                  | 15                   | 266.701          |
| Amount subject to<br>operational risk (Total*12,5) |                   |                   |                   |  |                      | <b>3.333.759</b> |

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

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.

**SECTION FOUR (Continued)****INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)****X. Explanations Related to Risk Management (Continued):****6. Explanations on operational risk (Continued):**

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

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

**7. Interest rate risk on banking accounts:**

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

Interest Rate Risk on Banking Book report includes receivables from Central Bank, money market placements, receivables from banks, financial assets at fair value through other comprehensive income (excluding government bonds), receivables from reverse-repo 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, issued bonds, borrowings, subordinated debt and other payables on the liabilities side.

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

|   | <b>Current Period (31.12.2023)</b> | Applied Shock       | Gains / Losses | Gains / Equity –<br>Losses / Equity |
|---|------------------------------------|---------------------|----------------|-------------------------------------|
|   | Currency                           | (+/- x base points) |                |                                     |
| 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)%                             |

|   | <b>Prior Period (31.12.2022)</b> | Applied Shock       | Gains / Losses | Gains / Equity –<br>Losses / Equity |
|---|----------------------------------|---------------------|----------------|-------------------------------------|
|   | Currency                         | (+/- x base points) |                |                                     |
| 1 | TL                               | (+) 500 base points | (228.504)      | (1,77)%                             |
| 2 | TL                               | (-) 400 base points | 228.102        | 1,77%                               |
| 3 | EURO                             | (+) 200 base points | 57.421         | 0,44%                               |
| 4 | EURO                             | (-) 200 base points | (75.169)       | (0,58)%                             |
| 5 | USD                              | (+) 200 base points | (86.266)       | (0,67)%                             |
| 6 | USD                              | (-) 200 base points | 97.283         | 0,75%                               |
|   | Total (For Positive Shocks)      |                     | (257.349)      | (1,99)%                             |
|   | Total (For Negative Shocks)      |                     | 250.216        | 1,94%                               |

**SECTION FIVE**

**EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS**

**I. Explanations and Notes Related to Assets:**

**1. Information on financial assets:**

**1.1. Information on cash and cash equivalents:**

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

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

**1.1.1.a) Information on required reserve deposits:**

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

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

|                             | Current Period<br>(31.12.2023) |          | Prior Period<br>(31.12.2022) |          |
|-----------------------------|--------------------------------|----------|------------------------------|----------|
|                             | TL                             | FC       | TL                           | FC       |
| Unrestricted demand deposit | 2.534                          | -        | 791                          | -        |
| Unrestricted time deposit   | -                              | -        | -                            | -        |
| Restricted time deposit     | -                              | -        | -                            | -        |
| <b>Total</b>                | <b>2.534</b>                   | <b>-</b> | <b>791</b>                   | <b>-</b> |

**1.1.2. Information on banks:**

|                                  | Current Period<br>(31.12.2023) |                  | Prior Period<br>(31.12.2022) |                |
|----------------------------------|--------------------------------|------------------|------------------------------|----------------|
|                                  | TL                             | FC               | TL                           | FC             |
| Banks                            |                                |                  |                              |                |
| Domestic                         | 3.758.538                      | 1.099.070        | 7.771.783                    | 921.416        |
| Foreign                          | -                              | 71.856           | -                            | 64.779         |
| Foreign head office and branches | -                              | -                | -                            | -              |
| <b>Total</b>                     | <b>3.758.538</b>               | <b>1.170.926</b> | <b>7.771.783</b>             | <b>986.195</b> |

|                           | Unrestricted Amount            |                              | Restricted Amount              |                              |
|---------------------------|--------------------------------|------------------------------|--------------------------------|------------------------------|
|                           | Current Period<br>(31.12.2023) | Prior Period<br>(31.12.2022) | Current Period<br>(31.12.2023) | Prior Period<br>(31.12.2022) |
| EU countries              | 47.652                         | 43.478                       | -                              | -                            |
| USA, Canada               | 24.204                         | 21.301                       | -                              | -                            |
| OECD countries            | -                              | -                            | -                              | -                            |
| Off-shore banking regions | -                              | -                            | -                              | -                            |
| Other                     | -                              | -                            | -                              | -                            |
| <b>Total</b>              | <b>71.856</b>                  | <b>64.779</b>                | <b>-</b>                       | <b>-</b>                     |

**SECTION FIVE (Continued)**

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

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

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

**1.1.3. Information on money market placements:**

|  | Current Period<br>(31.12.2023) |          | Prior Period<br>(31.12.2022) |          |
|--|--------------------------------|----------|------------------------------|----------|
|  | TL                             | FC       | TL                           | FC       |
| Money market placements                    | 16.806.484                     | -        | 6.634.417                    | -        |
| Receivables from reverse repo transactions | 239.541                        | -        | -                            | -        |
| <b>Total</b>                               | <b>17.046.025</b>              | <b>-</b> | <b>6.634.417</b>             | <b>-</b> |

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

|                                     | Current Period<br>(31.12.2023) |          | Prior Period<br>(31.12.2022) |          |
|-------------------------------------|--------------------------------|----------|------------------------------|----------|
|                                     | TL                             | FC       | TL                           | FC       |
| Cash and balances with Central Bank | -                              | -        | -                            | -        |
| Banks                               | 4.399                          | -        | 13.376                       | -        |
| Receivables from money market       | 11.382                         | -        | 4.777                        | -        |
| <b>Total</b>                        | <b>15.781</b>                  | <b>-</b> | <b>18.153</b>                | <b>-</b> |

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

None.

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

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

|  | Current Period<br>(31.12.2023) |                  | Prior Period<br>(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  | -                              | -                | -                            | -              |
| <b>Total</b>                                 | <b>16.734</b>                  | <b>1.572.231</b> | <b>834.674</b>               | <b>793.984</b> |

**SECTION FIVE (Continued)**

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

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

**1.3. Information on financial assets measured at fair value through other comprehensive income (Continued):**

**1.3.a-3) Information on financial assets measured at fair value through other comprehensive income:**

|                              | <b>Current Period<br/>(31.12.2023)</b> | <b>Prior Period<br/>(31.12.2022)</b> |
|------------------------------|--|--------------------------------------|
| 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)                             |
| <b>Total</b>                 | <b>15.220.615</b>                      | <b>8.646.943</b>                     |

**1.4. Information on derivative financial assets:**

|                      | <b>Current Period<br/>(31.12.2023)</b> |            | <b>Prior Period<br/>(31.12.2022)</b> |           |
|----------------------|--|------------|--------------------------------------|-----------|
|                      | <b>TL</b>                              | <b>FC</b>  | <b>TL</b>                            | <b>FC</b> |
| Forward transactions | -                                      | -          | -                                    | -         |
| Swap transactions    | 65.528                                 | 188        | 31.094                               | -         |
| Futures              | -                                      | -          | -                                    | -         |
| Options              | -                                      | -          | -                                    | -         |
| Others               | -                                      | -          | -                                    | -         |
| <b>Total</b>         | <b>65.528</b>                          | <b>188</b> | <b>31.094</b>                        | <b>-</b>  |

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

**2.1. Information on loans:**

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

None

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

| <b>Cash Loans<br/>Current Period (31.12.2023)</b> | <b>Standard<br/>Loans</b> | <b>Loans Under Close Monitoring</b>               |  |                  |
|---|---------------------------|---|--|------------------|
|   |                           | <b>Loans not<br/>Subject to<br/>Restructuring</b> | <b>Restructured Loans</b>                            |                  |
|   |                           |   | <b>Loans with<br/>Revised<br/>Contract<br/>Terms</b> | <b>Refinance</b> |
| <b>Non-specialized loans</b>                      | <b>79.108.932</b>         | <b>2.720.250</b>                                  | <b>605.196</b>                                       | <b>-</b>         |
| 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  | -                |
| <b>Specialized loans</b>                          | <b>799.284</b>            | <b>76.964</b>                                     | <b>-</b>   | <b>-</b>         |
| Other receivables                                 | -                         | -   | -  | -                |
| <b>Total</b>                                      | <b>79.908.216</b>         | <b>2.797.214</b>                                  | <b>605.196</b>                                       | <b>-</b>         |

**TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.**

**Notes to the Unconsolidated Financial Statements as of 31 December 2023**

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

**SECTION FIVE (Continued)**

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

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

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

**2.1. Information on loans (Continued):**

| Cash Loans<br>Prior Period (31.12.2022) | Standard<br>Loans | Loans Under Close Monitoring             |  |           |
|---|-------------------|--|--|-----------|
|   |                   | Loans not<br>Subject to<br>Restructuring | Restructured Loans                         |           |
|   |                   |  | Loans with<br>Revised<br>Contract<br>Terms | Refinance |
| <b>Non-specialized loans</b>            | <b>55.729.460</b> | <b>2.290.326</b>                         | <b>303.883</b>                             | -         |
| 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                                    | -         |
| <b>Specialized loans</b>                | <b>910.031</b>    | <b>168.389</b>                           | <b>43.832</b>                              | -         |
| Other receivables                       | -                 | -  | -  | -         |
| <b>Total</b>                            | <b>56.639.491</b> | <b>2.458.715</b>                         | <b>347.715</b>                             | -         |

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

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

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



**SECTION FIVE (Continued)****EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)****I. Explanations and Notes Related to Assets (Continued):****2. Explanations on financial assets measured at amortised cost (Net) (Continued):****2.1. Information on loans (Continued):****2.1.c) Information on the distribution of cash loans according to maturity structure:**

| Cash Loans<br>Prior Period (31.12.2022) | Standard Loans | Loans Under Close Monitoring             |   |             |
|---|----------------|--|---|-------------|
|   |                | Loans not<br>Subject to<br>Restructuring | Restructured Loans                      |             |
|   |                |  | Loans with<br>Revised<br>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             |
|---------------------------------------|-------------------|------------------|----------------|-------------------|
| <b>Beginning of Term (31.12.2022)</b> | <b>56.639.491</b> | <b>2.806.430</b> | <b>894.374</b> | <b>60.340.295</b> |
| 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        |
| <b>End of Term (31.12.2023)</b>       | <b>79.908.216</b> | <b>3.402.410</b> | <b>848.082</b> | <b>84.158.708</b> |

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

| Type of Collateral   | Current Period<br>(31.12.2023) |                   | Prior Period<br>(31.12.2022)  |                   |
|--|--------------------------------|-------------------|-------------------------------|-------------------|
|  | Net Value of<br>Collateral(*)  | Credit<br>Balance | Net Value of<br>Collateral(*) | Credit<br>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,<br>export documents, etc.) | 12.078.300                     | 12.078.300        | 4.165.642                     | 4.165.642         |
| Unsecured  | -                              | 19.190.656        | -                             | 22.066.744        |
| <b>Total</b>   | <b>57.357.548</b>              | <b>79.908.216</b> | <b>29.595.625</b>             | <b>56.639.491</b> |

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

**SECTION FIVE (Continued)****EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)****I. Explanations and Notes Related to Assets (Continued):****2. Explanations on financial assets measured at amortised cost (Net) (Continued):****2.1. Information on loans (Continued):****2.1.e) Net value, collateral type and risk matching of collaterals of loans under close monitoring:**

| Type of Collateral   | Current Period<br>(31.12.2023) |                   | Prior Period<br>(31.12.2022)  |                   |
|--|--------------------------------|-------------------|-------------------------------|-------------------|
|  | Net Value of<br>Collateral(*)  | Credit<br>Balance | Net Value of<br>Collateral(*) | Credit<br>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,<br>export documents, etc.) | 38.327                         | 38.327            | 21.531                        | 21.531            |
| Unsecured  | -                              | 6.400             | -                             | -                 |
| <b>Total</b>   | <b>3.396.010</b>               | <b>3.402.410</b>  | <b>2.806.430</b>              | <b>2.806.430</b>  |

(\*) 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.

**2.1.ğ) Distribution of loans according to users:**

|              | Current Period<br>(31.12.2023) | Prior Period<br>(31.12.2022) |
|--------------|--------------------------------|------------------------------|
| Public       | 301.788                        | -                            |
| Private      | 83.856.920                     | 59.445.921                   |
| <b>Total</b> | <b>84.158.708</b>              | <b>59.445.921</b>            |

**2.1.h) Distribution of domestic and international loans:**

|                | Current Period<br>(31.12.2023) | Prior Period<br>(31.12.2022) |
|----------------|--------------------------------|------------------------------|
| Domestic Loans | 84.158.708                     | 59.445.921                   |
| Foreign Loans  | -                              | -                            |
| <b>Total</b>   | <b>84.158.708</b>              | <b>59.445.921</b>            |

**2.1.ı) Loans given to subsidiaries and associates:**

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

**SECTION FIVE (Continued)****EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)****I. Explanations and Notes Related to Assets (Continued):****2. Explanations on financial assets measured at amortised cost (Net) (Continued):****2.1. Information on loans (Continued):****2.1.i) Default (third stage) provisions:**

|                                    | <b>Current Period<br/>(31.12.2023)</b> | <b>Prior Period<br/>(31.12.2022)</b> |
|------------------------------------|--|--------------------------------------|
| Loans with limited collectability  | 494.166                                | 516.495                              |
| Loans with doubtful collectability | -                                      | -                                    |
| Uncollectible loans                | 34.614                                 | 51.326                               |
| <b>Toplam</b>                      | <b>528.780</b>                         | <b>567.821</b>                       |

**2.1.j) Information on non-performing receivables (Net):****2.1.j-1) Information on non-performing loans and restructured loans:**

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

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

|  | <b>III. Group<br/>Loans with<br/>Limited<br/>Collectability</b> | <b>IV. Group<br/>Loans with<br/>Doubtful<br/>Collectability</b> | <b>V. Group<br/>Uncollectible<br/>Loans</b> |
|--|---|---|---|
| <b>Prior period end balance (31.12.2022)</b>               | <b>842.966</b>  | <b>-</b>  | <b>51.408</b>                               |
| 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  | -   | -   | -   |
| <b>Current period end balance (31.12.2023)</b>             | <b>813.356</b>  | <b>-</b>  | <b>34.726</b>                               |
| Provision (-)  | (494.166)   | -   | (34.614)                                    |
| <b>Net balance on balance sheet</b>                        | <b>319.190</b>  | <b>-</b>  | <b>112</b>                                  |

## SECTION FIVE (Continued)

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

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

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

## 2.1. Information on loans (Continued):

## 2.1.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<br>Loans with<br>Limited<br>Collectability | IV. Group<br>Loans with<br>Doubtful<br>Collectability | V. Group<br>Uncollectible<br>Loans |
|---|---|---|------------------------------------|
| <b>Current Period (31.12.2023)</b>                          |   |   |                                    |
| Interest accruals and rediscount with valuation differences | 94.657  | -   | 45                                 |
| Provision amount (-)  | (94.657)  | -   | (45)                               |
| <b>Net Balance</b>  | -   | -   | -                                  |
| <b>Prior Period (31.12.2022)</b>                            |   |   |                                    |
| Interest accruals and rediscount with valuation differences | 71.467  | -   | 24                                 |
| Provision amount (-)  | (71.467)  | -   | (24)                               |
| <b>Net Balance</b>  | -   | -   | -                                  |

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

None.

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

|  | III. Group<br>Loans with<br>Limited<br>Collectability | IV. Group<br>Loans with<br>Doubtful<br>Collectability | V. Group<br>Uncollectible<br>Loans |
|--|---|---|------------------------------------|
| <b>Current Period (Net) (31.12.2023)</b>         | <b>319.190</b>  | -   | <b>112</b>                         |
| 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)                                | -   | -   | -                                  |
| <b>Prior Period (Net) (31.12.2022)</b>           | <b>326.471</b>  | -   | <b>82</b>                          |
| 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)                                | -   | -   | -                                  |

**SECTION FIVE (Continued)****EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)****I. Explanations and Notes Related to Assets (continued):****2. Explanations on financial assets measured at amortised cost (Net) (Continued):****2.1. Information on loans (Continued):****2.1.j-6) Net value, collateral type and risk matching of collaterals of non-performing loans:**

| Type of Collateral  | Current Period<br>(31.12.2023)         |                | Prior Period<br>(31.12.2022)           |                |
|---|--|----------------|--|----------------|
|   | Net Value of Collateral <sup>(*)</sup> | Credit Balance | Net Value of Collateral <sup>(*)</sup> | 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          |
| <b>Total</b>  | <b>837.409</b>                         | <b>848.082</b> | <b>883.923</b>                         | <b>894.374</b> |

(\*) 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.

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 Bank has no loans deducted from the records (31 December 2022: None).

**SECTION FIVE (Continued)****EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)****I. Explanations and Notes Related to Assets (Continued):****2. Explanations on financial assets measured at amortised cost (Net) (Continued):****2.2. Information on receivables from lease transactions (Net):**

The amount of the Bank's receivables arising from leasing transactions is TL 3 (31 December 2022: TL 1).

**2.3. Information on factoring receivables:**

None.

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

|                                  | <b>Current Period<br/>(31.12.2023)</b> | <b>Prior Period<br/>(31.12.2022)</b> |
|----------------------------------|--|--------------------------------------|
| Government Bonds                 | 2.057.668                              | 2.432.127                            |
| Treasury Bills                   | -                                      | -                                    |
| Other Government Debt Securities | -                                      | -                                    |
| <b>Total</b>                     | <b>2.057.668</b>                       | <b>2.432.127</b>                     |

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

|                                  | <b>Current Period<br/>(31.12.2023)</b> | <b>Prior Period<br/>(31.12.2022)</b> |
|----------------------------------|--|--------------------------------------|
| Government Bonds                 | 7.378.696                              | 3.772.831                            |
| Treasury Bills                   | -                                      | 67.842                               |
| Other Government Debt Securities | -                                      | -                                    |
| <b>Total</b>                     | <b>7.378.696</b>                       | <b>3.840.673</b>                     |

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

|                                  | <b>Current Period<br/>(31.12.2023)</b> | <b>Prior Period<br/>(31.12.2022)</b> |
|----------------------------------|--|--------------------------------------|
| Government Bonds                 | 13.077.571                             | 7.025.924                            |
| Treasury Bills                   | -                                      | 67.842                               |
| Other Government Debt Securities | 482.369                                | 468.457                              |
| <b>Total</b>                     | <b>13.559.940</b>                      | <b>7.562.223</b>                     |

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

|                              | <b>Current Period<br/>(31.12.2023)</b> | <b>Prior Period<br/>(31.12.2022)</b> |
|------------------------------|--|--------------------------------------|
| Debt Securities              | 13.620.387                             | 7.562.223                            |
| Quoted on a Stock Exchange   | 13.620.387                             | 7.562.223                            |
| Unquoted                     | -                                      | -                                    |
| Provision for impairment (-) | -                                      | -                                    |
| <b>Total</b>                 | <b>13.620.387</b>                      | <b>7.562.223</b>                     |

**SECTION FIVE (Continued)****EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)****I. Explanations and Notes Related to Assets (Continued):****2.4.e) Movements of other financial assets measured at amortized cost during the year:**

|  | Current Period<br>(31.12.2023) | Prior Period<br>(31.12.2022) |
|--|--------------------------------|------------------------------|
| Balance at the beginning of the period         | 7.562.223                      | 3.012.392                    |
| Foreign currency difference on monetary assets | 2.479.122                      | 988.830                      |
| Purchases during the year (*)                  | 4.675.290                      | 3.618.945                    |
| Disposals through sales and redemptions (**)   | (1.096.248)                    | (57.944)                     |
| Provision for impairment (-)                   | -                              | -                            |
| <b>Balance at the end of the period</b>        | <b>13.620.387</b>              | <b>7.562.223</b>             |

(\*) TL 2.175.960 arises from the rediscount increase in purchases during the year (31 December 2022: TL 1.143.154).

(\*\*) Disposals through sales and redemptions consist of TL 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) General information on associates:**

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

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

| (*) | Total Assets | Shareholders'<br>Equity | Total<br>Fixed Assets | Interest<br>Income | Securities<br>Income | Current<br>Period<br>Profit/Loss | Prior Period<br>Profit/Loss | Fair Value |
|-----|--------------|-------------------------|-----------------------|--------------------|----------------------|----------------------------------|-----------------------------|------------|
|     | 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.

**4.1.c) Movement of associates:**

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

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

The Bank does not have any associates qualified as financial corporation.

**4.1.d) Associates quoted in the stock exchange:**

None.

**SECTION FIVE (Continued)**

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

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

**4. Information on equity investments (Continued):**

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

**4.2.a) General information about subsidiaries**

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

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

|   | Title   | Address<br>(City/Country) | Bank's Share Ratio - If<br>Different, Voting Ratio<br>(%) | Bank's Risk Group<br>Share Ratio (%) |
|---|---|---------------------------|---|--------------------------------------|
| 1 | Kalkınma Yatırım Varlık Kiralama A.Ş.               | İstanbul                  | 100   | 100                                  |
| 2 | Kalkınma Girişim Sermayesi Portföy<br>Yönetimi A.Ş. | İstanbul                  | 100   | 100                                  |

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

| (*) | Total Assets | Shareholders'<br>Equity | Total<br>Fixed Assets | Interest<br>Income | Securities<br>Income | Current<br>Period<br>Profit/Loss | Prior Period<br>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.c) Movement of subsidiaries:**

|  | Current Period<br>(31.12.2023) | Prior Period<br>(31.12.2022) |
|--|--------------------------------|------------------------------|
| <b>Balance at the beginning of the period</b>            | <b>4.050</b>                   | <b>3.050</b>                 |
| <b>Movements during the period</b>                       | <b>12.696</b>                  | <b>1.000</b>                 |
| 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)                        | -                            |
| <b>Balance at the end of the period</b>                  | <b>16.746</b>                  | <b>4.050</b>                 |
| Capital commitments                                      | -                              | -                            |
| Share percentage at the end of the period (%)            | 100                            | 100                          |



**SECTION FIVE (Continued)**

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

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

**4.2. Bağlı ortaklıklara ilişkin bilgiler (Net) (Devamı):**

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

|                              | <b>Current Period<br/>(31.12.2023)</b> | <b>Prior Period<br/>(31.12.2022)</b> |
|------------------------------|--|--------------------------------------|
| Banks                        | -                                      | -                                    |
| Insurance companies          | -                                      | -                                    |
| Factoring companies          | -                                      | -                                    |
| Leasing companies            | -                                      | -                                    |
| Financing companies          | -                                      | -                                    |
| Other financial subsidiaries | 16.746                                 | 4.050                                |

**4.2.d) Subsidiaries quoted on the stock exchange:**

None.

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

The Bank has no joint ventures.

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

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

**6. Information on tangible assets:**

| <b>Current Period ( 31.12.2023)</b>                | <b>Real-Estates</b> | <b>Real-Estates held<br/>for sale</b> | <b>Vehicles</b> | <b>Other</b>  | <b>Total</b>  |
|--|---------------------|---------------------------------------|-----------------|---------------|---------------|
| <b>Cost</b>  |                     |                                       |                 |               |               |
| Balance at the beginning of the period             | 18.227              | 37.740                                | 22.872          | 46.008        | 124.847       |
| Provision for impairment                           | -                   | (651)                                 | -               | -             | (651)         |
| Movements during the period                        |                     |                                       |                 |               |               |
| -Additions   | 2.585               | 311.368                               | 1.956           | 10.192        | 326.101       |
| -Disposals (-)                                     | -                   | (346.228)                             | (5.917)         | (4.220)       | (356.365)     |
| -Transfer from investment properties               | -                   | -                                     | -               | -             | -             |
| -Provision for impairment (-)                      | -                   | -                                     | -               | -             | -             |
| -Reversal from provision for<br>impairment (-)     | -                   | -                                     | -               | -             | -             |
| <b>Balance at the end of the period</b>            | <b>20.812</b>       | <b>2.229</b>                          | <b>18.911</b>   | <b>51.980</b> | <b>93.932</b> |
| <b>Accumulated Depreciation</b>                    |                     |                                       |                 |               |               |
| Balance at the beginning of the period             | 13.440              | -                                     | 2.326           | 20.331        | 36.097        |
| Movements during the period                        |                     |                                       |                 |               |               |
| -Depreciation charge                               | 7.372               | -                                     | 4.018           | 9.551         | 20.941        |
| -Transfer from investment properties               | -                   | -                                     | -               | -             | -             |
| -Disposals (-)                                     | -                   | -                                     | (1.435)         | (4.037)       | (5.472)       |
| -Provision for impairment (-)                      | -                   | -                                     | -               | -             | -             |
| <b>Balance at the end of the period</b>            | <b>20.812</b>       | <b>-</b>                              | <b>4.909</b>    | <b>25.845</b> | <b>51.566</b> |
| <b>Net book value at the end of the<br/>period</b> | <b>-</b>            | <b>2.229</b>                          | <b>14.002</b>   | <b>26.135</b> | <b>42.366</b> |

**SECTION FIVE (Continued)**

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

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

**6. Information on tangible assets:**

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

**7. Information on intangible assets:**

|  | <b>Current Period (31.12.2023)</b> | <b>Prior Period (31.12.2022)</b> |
|--|------------------------------------|----------------------------------|
| <b>Cost</b>                                    |                                    |                                  |
| Balance at the beginning of the period         | 39.774                             | 34.808                           |
| Movements during the period                    | -                                  | -                                |
| -Additions                                     | 18.738                             | 4.966                            |
| - Disposals                                    | -                                  | -                                |
| <b>Balance at the end of the period</b>        | <b>58.512</b>                      | <b>39.774</b>                    |
| <b>Accumulated Amortisation</b>                |                                    |                                  |
| Balance at the beginning of the period         | 18.178                             | 12.935                           |
| Movements during the period                    | -                                  | -                                |
| -Amortization charge                           | 8.082                              | 5.243                            |
| -Disposals                                     | -                                  | -                                |
| <b>Balance at the end of the period</b>        | <b>26.260</b>                      | <b>18.178</b>                    |
| <b>Net book value at the end of the period</b> | <b>32.252</b>                      | <b>21.596</b>                    |

**8. Information on investment properties:**

None.

**9. Information on current tax assets:**

None.

**SECTION FIVE (Continued)**

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

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

**10. Information on deferred tax assets:**

As of 31 December 2023, the Bank has a deferred tax asset of TL 322.840 (31 December 2022: TL 168.840). The deferred tax asset is calculated over the temporary differences formed by the assets and liabilities followed by the book value in the Bank's records and their tax base calculated in accordance with the tax legislation. In case the items that constitute the temporary differences are monitored among the equity items, the deferred tax asset/liability calculated over the said temporary differences are associated with the related equity items, and as of 31 December 2023, the Bank has no tax assets calculated over the period loss or tax deduction (31 December 2022: None).

|  | <b>Current Period<br/>(31.12.2023)</b> | <b>Prior Period<br/>(31.12.2022)</b> |
|--|--|--------------------------------------|
| <b>Deferred Tax Asset</b>                                    |  |                                      |
| Amortizations  | 24.277                                 | -                                    |
| Interest discounts   | 2.815                                  | 1.933                                |
| Employee benefits provisions                                 | 18.990                                 | 7.450                                |
| Securities portfolio internal yield-exchange rate difference | -                                      | 49.496                               |
| Personnel bonus premium provision                            | 60.949                                 | 20.673                               |
| TFRS 9 Provision   | 289.035                                | 152.374                              |
| TFRS 16 Leases   | -                                      | 2                                    |
| Other  | 33.385                                 | 634                                  |
| <b>Total Deferred Tax Asset</b>                              | <b>429.451</b>                         | <b>232.562</b>                       |
| <b>Deferred Tax Liability</b>                                |  |                                      |
| Amortizations  | -                                      | 1.295                                |
| 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                                |
| <b>Total Deferred Tax Liability</b>                          | <b>106.628</b>                         | <b>63.722</b>                        |
| <b>Net Deferred Tax Asset/(Liability)</b>                    | <b>322.823</b>                         | <b>168.840</b>                       |

**11. Information on other assets:**

|                          | <b>Current Period<br/>(31.12.2023)</b> | <b>Prior Period<br/>(31.12.2022)</b> |
|--------------------------|--|--------------------------------------|
| Inventory                | 2.118                                  | 787                                  |
| Prepaid expenses         | 218.069                                | 146.828                              |
| Temporary account debtor | 5.947                                  | 2.565                                |
| Sundry receivables       | 385                                    | 18.959                               |
| <b>Total</b>             | <b>226.519</b>                         | <b>169.139</b>                       |

**SECTION FIVE (Continued)**

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

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

**1. Information on maturity structure of deposits:**

The Bank is not accepting deposits.

**2. Information on funds borrowed:**

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

|   | Current Period<br>(31.12.2023) |                   | Prior Period<br>(31.12.2022) |                   |
|---|--------------------------------|-------------------|------------------------------|-------------------|
|   | TP                             | YP                | TP                           | YP                |
| From Central Bank of the Republic of Turkey (*) | 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        |
| <b>Total</b>                                    | <b>17.995.416</b>              | <b>79.951.624</b> | <b>8.959.064</b>             | <b>54.380.664</b> |

(\*) 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 Turkey were disbursed were endorsed to the Central Bank of the Republic of Türkiye.

**2.b) Maturity structure of funds borrowed:**

|                      | Current Period<br>(31.12.2023) |                   | Prior Period<br>(31.12.2022) |                   |
|----------------------|--------------------------------|-------------------|------------------------------|-------------------|
|                      | TP                             | YP                | TP                           | YP                |
| Short-term           | -                              | 10.414.970        | -                            | 7.819.544         |
| Medium and long-term | 17.995.416                     | 69.536.654        | 8.959.064                    | 46.561.120        |
| <b>Total</b>         | <b>17.995.416</b>              | <b>79.951.624</b> | <b>8.959.064</b>             | <b>54.380.664</b> |

**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<br>(31.12.2023) |          | Prior Period<br>(31.12.2022) |          |
|---------------------------------------|--------------------------------|----------|------------------------------|----------|
|                                       | TP                             | YP       | TP                           | YP       |
| Debts to Money Markets                | 223.415                        | -        | -                            | -        |
| Funds Provided from Repo Transactions | 2.660.861                      | -        | 2.960.566                    | -        |
| <b>Total</b>                          | <b>2.884.276</b>               | <b>-</b> | <b>2.960.566</b>             | <b>-</b> |

**4. Information on securities issued (Net):**

|              | Current Period<br>(31.12.2023) |                  | Prior Period<br>(31.12.2022) |                  |
|--------------|--------------------------------|------------------|------------------------------|------------------|
|              | TP                             | YP               | TP                           | YP               |
| Bonds        | -                              | 3.321.427        | -                            | 2.018.433        |
| <b>Total</b> | <b>-</b>                       | <b>3.321.427</b> | <b>-</b>                     | <b>2.018.433</b> |

**SECTION FIVE (Continued)****EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)****II. Explanations and Notes Related to Liabilities (Continued)****5. Explanations on funds:**

Of the TL 6.397.933 provided by the Bank (31 December 2022: TL 8.418.825), TL 328.577 is from the World Bank, TL 1.813 is from the European Commission Fund, and 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 and loss:**

None.

**7. Negative differences table for derivative financial liabilities:**

|                      | Current Period<br>(31.12.2023) |              | Prior Period<br>(31.12.2022) |          |
|----------------------|--------------------------------|--------------|------------------------------|----------|
|                      | TP                             | YP           | TP                           | YP       |
| Forward transactions | -                              | -            | -                            | -        |
| Swap transactions    | 15.195                         | 3.104        | 11.157                       | -        |
| Futures transactions | -                              | -            | -                            | -        |
| Options              | -                              | -            | -                            | -        |
| Other                | -                              | -            | -                            | -        |
| <b>Total</b>         | <b>15.195</b>                  | <b>3.104</b> | <b>11.157</b>                | <b>-</b> |

**8. Information on factoring liabilities:**

None.

**9. Explanations on financial lease payables (Net):**

|                   | Current Period<br>(31.12.2023) |               | Prior Period<br>(31.12.2022) |               |
|-------------------|--------------------------------|---------------|------------------------------|---------------|
|                   | Gross                          | Net           | Gross                        | Net           |
| Less than 1 year  | 7.298                          | 5.253         | 12.168                       | 9.751         |
| 1-4 years         | 18.092                         | 15.484        | 12.842                       | 10.036        |
| More than 4 years | -                              | -             | 3.264                        | 3.102         |
| <b>Total</b>      | <b>25.390</b>                  | <b>20.737</b> | <b>28.274</b>                | <b>22.889</b> |

**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).

**SECTION FIVE (Continued)**

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

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

**11. Explanations on Provisions (Continued):**

**11.c) Other provisions:**

- i) As of 31 December 2023, there are 128 lawsuits filed against the Bank and there is a risk amount of TL 16.931. The Bank 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 Bank 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 Bank allocated provision for severance pay amounting to TL 42.185 (31 December 2022: TL 20.042), for unused vacation accruals amounting to TL 21.114 (31 December 2022: TL 9.757) and within the scope of TAS 19, employee benefits provision amounting to TL 203.165 (31 December 2022: TL 82.692) has been reserved.

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

|   | <b>Current Period<br/>(31.12.2023)</b> | <b>Prior Period<br/>(31.12.2022)</b> |
|---|--|--------------------------------------|
| <b>Balance at the beginning of the period</b> | <b>20.042</b>                          | <b>10.166</b>                        |
| Expenses during the period                    | 22.966                                 | 9.576                                |
| Actuarial loss/gain                           | -                                      | 655                                  |
| Paid during the period                        | (823)                                  | (355)                                |
| <b>Balance at the end of the period</b>       | <b>42.185</b>                          | <b>20.042</b>                        |

**12.a) Information on current tax liability:**

**12.a-1) Information on tax provision:**

|                                       | <b>Current Period<br/>(31.12.2023)</b> |           | <b>Prior Period<br/>(31.12.2022)</b> |           |
|---------------------------------------|--|-----------|--------------------------------------|-----------|
| <b>Corporate Tax and Deferred Tax</b> | <b>TL</b>                              | <b>FC</b> | <b>TL</b>                            | <b>FC</b> |
| Corporate tax payable                 | 498.718                                | -         | 260.197                              | -         |
| Deferred tax liability                | -                                      | -         | -                                    | -         |
| <b>Total</b>                          | <b>498.718</b>                         | <b>-</b>  | <b>260.197</b>                       | <b>-</b>  |

**12.a-2) Information on taxes payable:**

|   | <b>Current Period<br/>(31.12.2023)</b> | <b>Prior Period<br/>(31.12.2022)</b> |
|---|--|--------------------------------------|
| Corporate tax payable                       | 498.718                                | 260.197                              |
| 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                                       | 15.504                                 | 8.336                                |
| <b>Total</b>                                | <b>535.713</b>                         | <b>281.753</b>                       |

**TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.****Notes to the Unconsolidated Financial Statements as of 31 December 2023**

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

**SECTION FIVE (Continued)****EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)****II. Explanations and Notes Related to Liabilities (Continued)****12.a) Information on current tax liability (Continued):****12.a-3) Information on premiums:**

|   | <b>Current Period<br/>(31.12.2023)</b> | <b>Prior Period<br/>(31.12.2022)</b> |
|---|--|--------------------------------------|
| Social security premiums- Employee                    | 3.756                                  | 1.726                                |
| 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                      | 536                                    | 247                                  |
| Other   | 57                                     | 39                                   |
| <b>Total</b>  | <b>10.268</b>                          | <b>4.768</b>                         |

**13. Information on deferred tax liabilities:**

None.

**14. Information about liabilities for fixed assets held for sale and discontinued operations:**

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

**15. Information on subordinated debt instruments:**

|   | <b>Current Period<br/>(31.12.2023)</b> |                  | <b>Prior Period<br/>(31.12.2022)</b> |                  |
|---|--|------------------|--------------------------------------|------------------|
|   | <b>TP</b>                              | <b>YP</b>        | <b>TP</b>                            | <b>YP</b>        |
| 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                                       | -                                      | -                | -                                    | -                |
| <b>Total</b>  | <b>3.712.899</b>                       | <b>7.865.824</b> | <b>2.301.046</b>                     | <b>4.646.290</b> |

**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.

**17. Information on shareholders' equity:****17.a) Presentation of paid-in capital:**

|                 | <b>Current Period<br/>(31.12.2023)</b> | <b>Prior Period<br/>(31.12.2022)</b> |
|-----------------|--|--------------------------------------|
| 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:**

| <b>Capital System</b> | <b>Paid in Capital</b> | <b>Ceiling</b> |
|-----------------------|------------------------|----------------|
| Registered capital    | 2.500.000              | 10.000.000     |

**SECTION FIVE (Continued)**

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

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

**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 regarding the portion added to capital from capital reserves 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:**

|                   | <b>Current Period<br/>(31.12.2023)</b> | <b>Prior Period<br/>(31.12.2022)</b> |
|-------------------|--|--------------------------------------|
| I. Legal reserve  | 205.398                                | 120.829                              |
| II. Legal reserve | 14.471                                 | 14.471                               |
| Special reserves  | -                                      | -                                    |
| <b>Total</b>      | <b>219.869</b>                         | <b>135.300</b>                       |

**17.f) Information on extraordinary reserves:**

|  | <b>Current Period<br/>(31.12.2023)</b> | <b>Prior Period<br/>(31.12.2022)</b> |
|--|--|--------------------------------------|
| 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   | -                                      | -                                    |
| <b>Total</b>   | <b>3.695.073</b>                       | <b>2.088.274</b>                     |

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

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

**17.ğ) Information on preferred shares:**

The Bank has no preferred shares

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

|  | <b>Current Period<br/>(31.12.2023)</b> |               | <b>Prior Period<br/>(31.12.2022)</b> |                 |
|--|--|---------------|--------------------------------------|-----------------|
|  | <b>TL</b>                              | <b>FC</b>     | <b>TL</b>                            | <b>FC</b>       |
| 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  | -                                      | -             | -                                    | -               |
| <b>Exchange</b>  | <b>72.986</b>                          | <b>87.350</b> | <b>176.527</b>                       | <b>(11.919)</b> |



**SECTION FIVE (Continued)**

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

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

**1. Information on off-balance sheet liabilities:**

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

|  | <b>Current Period<br/>(31.12.2023)</b> | <b>Prior Period<br/>(31.12.2022)</b> |
|--|--|--------------------------------------|
| Forward asset purchase and sales commitments | 1.420.366                              | 533.977                              |
| Other irrevocable commitments                | 262.965                                | 133.913                              |
| <b>Total</b>                                 | <b>1.683.331</b>                       | <b>667.890</b>                       |

**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 53.840 (31 December 2022: TL 49.544), third stage expected loss provision is TL 1 (31 December 2022: TL 1).

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

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

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

The total amount of the Bank's letters of guarantee is TL 4.145.080 (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 performance guarantee letters.

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

|  | <b>Current Period<br/>(31.12.2023)</b> | <b>Prior Period<br/>(31.12.2022)</b> |
|--|--|--------------------------------------|
| 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                            |
| <b>Total</b>                               | <b>4.754.340</b>                       | <b>3.041.461</b>                     |

**SECTION FIVE (Continued)**

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

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

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

|                                   | Current Period (31.12.2023) |                |                  |                | Prior Period (31.12.2022) |                |                  |                |
|-----------------------------------|-----------------------------|----------------|------------------|----------------|---------------------------|----------------|------------------|----------------|
|                                   | TL                          | (%)            | FC               | (%)            | TL                        | (%)            | FC               | (%)            |
| 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                             | -                           | -              | -                | -              | -                         | -              | -                | -              |
| <b>Total</b>                      | <b>84.924</b>               | <b>100,00%</b> | <b>4.669.416</b> | <b>100,00%</b> | <b>632.683</b>            | <b>100,00%</b> | <b>2.408.778</b> | <b>100,00%</b> |

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

|                       | Current Period (31.12.2023) |                  | Prior Period (31.12.2022) |                  |
|-----------------------|-----------------------------|------------------|---------------------------|------------------|
|                       | I. Group                    |                  | I. Group                  |                  |
| <b>Non-Cash Loans</b> | <b>TL</b>                   | <b>FC</b>        | <b>TL</b>                 | <b>FC</b>        |
| Letters of Guarantee  | 84.922                      | 4.060.156        | 72.416                    | 2.408.778        |
| Letters of Credit     | -                           | -                | -                         | 118.700          |
| Other Warranties      | -                           | 609.260          | -                         | 441.565          |
| <b>Total</b>          | <b>84.922</b>               | <b>4.669.416</b> | <b>72.416</b>             | <b>2.969.043</b> |

**2. Explanations regarding derivative transactions:**

The Bank'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        | -                           | -            | -                 | -                 | -                         | -            | -                 | -                 |
| <b>Total</b> | <b>-</b>                    | <b>-</b>     | <b>11.016.864</b> | <b>11.087.642</b> | <b>-</b>                  | <b>-</b>     | <b>12.639.723</b> | <b>12.628.530</b> |

**SECTION FIVE (Continued)**

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

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

**3. Information on contingent liabilities and assets:**

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

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

The Bank has committed to invest TL 25.000 in the Development Participation Venture Capital Investment Fund, TL 15.000 in the Innovative and Advanced Technologies Venture Capital Investment Fund, USD 1,5 Million in the Development ODTÜ Teknokent Venture Capital Investment Fund of which the Bank's subsidiary Development Venture Capital Portfolio Management Inc. is the founder and manager. It has been paid a capital share of TL 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 Bank does not act as an intermediary for purchases and sales of securities on behalf of others and provides custody services.

**SECTION FIVE (Continued)**

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

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

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

|  | Current Period<br>(31.12.2023) |                  | Prior Period<br>(31.12.2022) |                  |
|--|--------------------------------|------------------|------------------------------|------------------|
|  | TL                             | FC               | TL                           | FC               |
| Interest on loans <sup>(*)</sup>                         |                                |                  |                              |                  |
| 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                       | -                |
| Premiums received from resource utilization support fund | -                              | -                | -                            | -                |
| <b>Total</b>   | <b>2.174.684</b>               | <b>4.933.847</b> | <b>843.156</b>               | <b>2.283.362</b> |

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

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

|  | Current Period<br>(31.12.2023) |               | Prior Period<br>(31.12.2022) |               |
|--|--------------------------------|---------------|------------------------------|---------------|
|  | TL                             | FC            | TL                           | FC            |
| From Central Bank of the Republic of Türkiye | -                              | -             | -                            | -             |
| From domestic banks                          | 2.836.440                      | 14.743        | 1.002.350                    | 31.462        |
| From foreign banks                           | -                              | 3.838         | -                            | 847           |
| From foreign head offices and branches       | -                              | -             | -                            | -             |
| <b>Total</b>                                 | <b>2.836.440</b>               | <b>18.581</b> | <b>1.002.350</b>             | <b>32.309</b> |

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

|  | Current Period<br>(31.12.2023) |                | Prior Period<br>(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        |
| <b>Total</b>   | <b>2.799.424</b>               | <b>799.161</b> | <b>1.523.875</b>             | <b>350.361</b> |

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

None.

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

|                               | Current Period<br>(31.12.2023) |            | Prior Period<br>(31.12.2022) |            |
|-------------------------------|--------------------------------|------------|------------------------------|------------|
|                               | TL                             | FC         | TL                           | FC         |
| Money market transactions     | 2.602.971                      | 787        | 452.287                      | 581        |
| Reverse repurchase agreements | 8.593                          | -          | 2.663                        | -          |
| <b>Total</b>                  | <b>2.611.564</b>               | <b>787</b> | <b>454.950</b>               | <b>581</b> |

**SECTION FIVE (Continued)**

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

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

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

|   | Current Period<br>(31.12.2023) |                  | Prior Period<br>(31.12.2022) |                  |
|---|--------------------------------|------------------|------------------------------|------------------|
|   | TL                             | FC               | TL                           | FC               |
| Banks <sup>(*)</sup>                    | 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 <sup>(*)</sup>       | 1.412.300                      | 3.902.030        | 802.473                      | 1.553.805        |
| <b>Total</b>                            | <b>3.072.574</b>               | <b>4.156.103</b> | <b>1.378.883</b>             | <b>1.568.882</b> |

(\*) 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<br>(31.12.2023) |         | Prior Period<br>(31.12.2022) |        |
|-------------------------------------|--------------------------------|---------|------------------------------|--------|
|                                     | TP                             | FC      | TP                           | FC     |
| Interests paid on securities issued | -                              | 182.028 | -                            | 27.463 |

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

|                           | Current Period<br>(31.12.2023) |          | Prior Period<br>(31.12.2022) |          |
|---------------------------|--------------------------------|----------|------------------------------|----------|
|                           | TL                             | FC       | TL                           | FC       |
| Money market transactions | 11.140                         | -        | 28                           | -        |
| Repurchase agreements     | 517.455                        | -        | 271.246                      | -        |
| <b>Total</b>              | <b>528.595</b>                 | <b>-</b> | <b>271.274</b>               | <b>-</b> |

**2.d) Leasing interest expenses:**

|              | Current Period<br>(31.12.2023) |          | Prior Period<br>(31.12.2022) |          |
|--------------|--------------------------------|----------|------------------------------|----------|
|              | TL                             | FC       | TL                           | FC       |
| Immovables   | 999                            | -        | 1.854                        | -        |
| Movables     | 1.909                          | -        | 448                          | -        |
| <b>Total</b> | <b>2.908</b>                   | <b>-</b> | <b>2.302</b>                 | <b>-</b> |

**3. Information related to dividend income:**

|  | Current Period<br>(31.12.2023) | Prior Period<br>(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                        |
| <b>Total</b>   | <b>22.876</b>                  | <b>47.940</b>                |

**SECTION FIVE (Continued)**

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

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

**4. Information related to trading income/loss:**

|  | <b>Current Period<br/>(31.12.2023)</b> | <b>Prior Period<br/>(31.12.2022)</b> |
|--|--|--------------------------------------|
| <b>Gain</b>                                | <b>6.508.654</b>                       | <b>1.887.151</b>                     |
| Gains on capital market operations         | 177.986                                | 116.149                              |
| Gains on derivative financial instruments  | 4.241.721                              | 1.610.506                            |
| Foreign exchange gains                     | 2.088.947                              | 160.496                              |
| <b>Loss (-)</b>                            | <b>(7.112.160)</b>                     | <b>(1.833.265)</b>                   |
| Losses from the capital market operations  | (15.515)                               | (11.173)                             |
| Losses on derivative financial instruments | (2.255.617)                            | (1.320.916)                          |
| Foreign exchange losses                    | (4.841.028)                            | (501.176)                            |

**5. Information related to other operating income:**

|  | <b>Current Period<br/>(31.12.2023)</b> | <b>Prior Period<br/>(31.12.2022)</b> |
|--|--|--------------------------------------|
| Income from sale of assets             | 70.582                                 | 28.039                               |
| Reversals from prior years' provisions | 127.888                                | 80.459                               |
| Other                                  | 19.635                                 | 36.651                               |
| <b>Total</b>                           | <b>218.105</b>                         | <b>145.149</b>                       |

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

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

|   | <b>Current Period<br/>(31.12.2023)</b> | <b>Prior Period<br/>(31.12.2022)</b> |
|---|--|--------------------------------------|
| Expected credit loss provisions   | 492.033                                | 495.232                              |
| 12 month expected credit loss (Stage 1)                                       | 232.206                                | 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 | 3.304                                  | -                                    |
| Associates  | -                                      | -                                    |
| Subsidiaries  | 3.304                                  | -                                    |
| Joint ventures  | -                                      | -                                    |
| Other provision expenses  | 344.702                                | 99.827                               |
| <b>Total</b>  | <b>840.039</b>                         | <b>682.010</b>                       |

(\*) TL 100.000 of the other provision expenses has been allocated for probable risks (31 December 2022: None), TL 35.346 of the other provision expenses consist of provision expenses for employee termination benefits and vacation liabilities (31 December 2022: 16.680 TL), TL 203.165 consists of provision expenses within the scope of TAS 19 (31 December 2022: 82.692 TL), while TL 6.192 consists of provision for litigation expenses (31 December 2022: 455 TL).

**SECTION FIVE (Continued)**

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

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

**7. Information related to other operating expenses:**

|   | <b>Current Period<br/>(31.12.2023)</b> | <b>Prior Period<br/>(31.12.2022)</b> |
|---|--|--------------------------------------|
| Provision for employee termination benefits <sup>(*)</sup>                          | 22.966                                 | 10.887                               |
| Provision expense for bank social aid fund deficits                                 | -                                      | -                                    |
| Fixed assets impairment charges   | -                                      | -                                    |
| Depreciation charges of fixed assets  | 20.941                                 | 11.938                               |
| Intangible assets impairment charges  | -                                      | -                                    |
| Goodwill impairment charges   | -                                      | -                                    |
| Amortization charges of intangible assets   | 8.082                                  | 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  | 96.081                                 | 47.117                               |
| Leasing expenses related to TFRS 16 exceptions                                      | 236                                    | 136                                  |
| Maintenance expenses  | 709                                    | 171                                  |
| Advertisement expenses  | 57                                     | 75                                   |
| Other expenses <sup>(**)</sup>  | 95.079                                 | 46.735                               |
| Loss on sale of assets  | -                                      | -                                    |
| Other <sup>(***)</sup>  | 228.817                                | 42.295                               |
| <b>Total</b>  | <b>376.887</b>                         | <b>117.480</b>                       |

<sup>(\*)</sup> "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.

<sup>(\*\*)</sup> Other expenses amounted to TL 4.051 from cleaning expenses (31 December 2022: TL 1.875), TL 13.119 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 from sundry expenses (31 December 2022: TL 2.241) and TL 3.879 remaining portion (31 December 2022: TL 2.976) consists of other miscellaneous expenses.

<sup>(\*\*\*)</sup> TL 76.649 of the other is from taxes, duties, fees and fund expenses (31 December 2022: TL 22.988), TL 25.519 from audit and consultancy fees (31 December 2022: TL 10.434), 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 amounting to TL 6.562 (31 December 2022: TL 3.258) 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 the table below, excluding VAT amounts. These fees do not include the fees for the services provided to the Bank's subsidiaries.

|   | <b>Current Period<br/>(31.12.2023)</b> | <b>Prior Period<br/>(31.12.2022)</b> |
|---|--|--------------------------------------|
| Independent audit fee for the reporting period    | 1.917                                  | 1.023                                |
| Fee for tax advisory services                     | 105                                    | 83                                   |
| Fee for other assurance services                  | 557                                    | 212                                  |
| Fees for services other than independent auditing | -                                      | 81                                   |
| <b>Total</b>                                      | <b>2.579</b>                           | <b>1.399</b>                         |

**SECTION FIVE (Continued)**

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

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

**9. Information on profit/loss from continued and discontinued operations before tax:**

The Bank's profit before tax from continuing operations in the accounting period ending on 31 December 2023 is TL 5.642.607 (31 December 2022: TL 2.320.610). Bank has no discontinued operations.

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

In the accounting period ending on 31 December 2023, the Bank's income tax provision from continuing operations amounting to TL 1.599.2322 (31 December 2022: TL 629.242) consists of TL 1.762.541 of current tax charge (31 December 2022: TL 770.809) and TL 163.309 of deferred tax income effect (31 December 2022: TL 141.567).

|   | <b>1 January-31 December<br/>2023</b> | <b>1 January-31 December<br/>2022</b> |
|---|---------------------------------------|---------------------------------------|
| <b>Reconciliation of Tax Provision</b>                              |                                       |                                       |
| Profit/Loss Before Tax  | 5.642.607                             | 2.320.610                             |
| <b>Applicable Tax Rate</b>  | <b>30%</b>                            | <b>25%</b>                            |
| Calculated Tax  | 1.692.782                             | 580.153                               |
|   |                                       |                                       |
| <b>Reconciliation of Allocated and<br/>Calculated Tax Provision</b> |                                       |                                       |
| Other (Effect of expenses not allowed by<br>law, discounts, etc.)   | (93.550)                              | 49.089                                |
| <b>Tax Provision</b>  | <b>1.599.232</b>                      | <b>629.242</b>                        |

**11. Information on net profit and loss of continued and discontinued operations:**

The Bank earned a net profit of TL 4.043.375 from continuing operations between 1 January 2023 - 31 December 2023 (period between 1 January 2022 - 31 December 2022: TL 1.691.368 profit).

**12. Information on net profit/loss:**

**12.a) The nature and amount of income and expenses from ordinary banking operations, if their feature, 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 64.201 TL (31 December 2022: 31.994 TL). Of this amount, 28.703 TL (31 December 2022: 14.660 TL) consists of investment banking service income and 13.210 TL (31 December 2022: 4.428 TL) 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 45.635 TL (31 December 2022: 22.179 TL). Of this amount, 13.481 TL (31 December 2022: 6.656 TL) consists of credit guarantee fund limit commissions, and 24.483 TL (31 December 2022: 10.382 TL) consists of stock market transaction commissions.



**SECTION FIVE (Continued)**

**EXPLANATIONS AND NOTES RELATED TO THE 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 219.869 (31 December 2022: TL 135.300), the extraordinary reserve funds balance is TL 3.695.073 (31 December 2022: TL 2.088.274) other profit reserves are TL 54.226 (31 December 2022: TL 54.226). The fair value difference of TL 149.405, 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 Cash Flows Statement:**

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

The Bank's net cash inflow from banking activities amounts to TL 8.004.403 (31 December 2022: TL 11.723.842). The portion of the net cash inflow resulting from banking activities amounting to TL 3.966.737 (31 December 2022: TL 10.431.331) is from the change of active and passive accounts; the portion amounting to TL 4.037.666 (31 December 2022: TL 1.292.511) 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 8.766.654). 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 (1.130.069) (31 December 2022: TL (1.101.666)). 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:**

|                                   | <b>31.12.2022</b> | <b>31.12.2021</b> |
|-----------------------------------|-------------------|-------------------|
| Cash                              | 69.571            | 34.504            |
| Cash in TL and foreign currencies | 45                | 24                |
| Demand deposits at banks          | 69.526            | 34.480            |
| Cash equivalents                  | 15.229.754        | 4.227.741         |
| Interbank money market            | 6.603.772         | 990.878           |
| Time deposits at banks            | 8.625.982         | 3.236.863         |
| Total cash and cash equivalents   | 15.299.325        | 4.262.245         |

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:**

|                                   | <b>31.12.2023</b> | <b>31.12.2022</b> |
|-----------------------------------|-------------------|-------------------|
| Cash                              | 83.343            | 69.571            |
| Cash in TL and foreign currencies | 26                | 45                |
| Demand deposits at banks          | 83.317            | 69.526            |
| Cash equivalents                  | 21.318.757        | 15.229.754        |
| Interbank money market            | 16.535.221        | 6.603.772         |
| Time deposits at banks            | 4.783.536         | 8.625.982         |
| Total cash and cash equivalents   | 21.402.100        | 15.299.325        |

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

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

**a) Current Period:**

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

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

**b) Prior Period:**

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

(\*) TL 3.834 of loan disbursed to Arıcak A.Ş., a subsidiary of the Bank, has been followed in Group V. For this loan, TL 3.834 is set aside for the expected loss in the third stage.

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

None.

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

Total amount of benefits provided to the Bank's top management is TL 38.650 (31 December 2022: TL 19.525).

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

None.

## **SECTION SIX**

### **OTHER EXPLANATIONS**

#### **I. Other Explanations Related to Operations of the Bank:**

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

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

|                         | <b>2023</b> |
|-------------------------|-------------|
| <b>Foreign Currency</b> |             |
| Long Term               | B           |
| Short Term              | B           |
| Outlook                 | Stable      |
| <b>Turkish Lira</b>     |             |
| Long Term               | B           |
| Short Term              | B           |
| Outlook                 | Stable      |
| <b>National</b>         |             |
| Long Term               | AAA (TUR)   |
| Government Support Note | b           |
| Outlook                 | Stable      |

|                         | <b>2022</b> |
|-------------------------|-------------|
| <b>Foreign Currency</b> |             |
| Long Term               | B           |
| Short Term              | B           |
| Outlook                 | Negative    |
| <b>Turkish Lira</b>     |             |
| Long Term               | B           |
| Short Term              | B           |
| Outlook                 | Negative    |
| <b>National</b>         |             |
| 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 periods 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 AUDITOR’S REPORT**

**I. Explanations on Independent Auditor’s Report:**

The Bank’s 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.