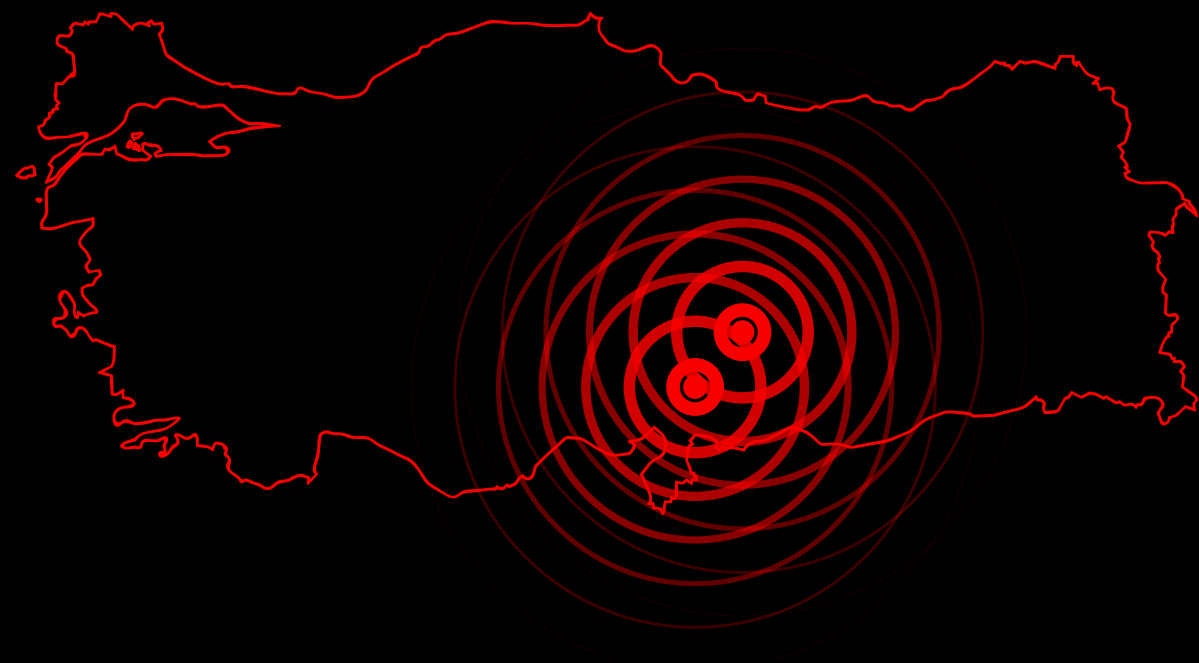




Bank of Development, Growth and Future

Annual Report 2022





WE ARE DEEPLY SADDENED BY THE EARTHQUAKES, THE EPICENTRE OF WHICH WAS KAHRAMANMARAS AND WHICH CAUSED HEAVY DAMAGE IN THE NEIGHBOURING PROVINCES AS WELL. IMMEDIATELY AFTER THE DISASTER, WE SHARE OUR FINANCIAL AND SPIRITUAL SUPPORT WITH OUR PEOPLE, AND WE WHOLEHEARTEDLY BELIEVE THAT WE WILL OVERCOME THESE DIFFICULT DAYS AS SOON AS POSSIBLE THROUGH UNITY AND SOLIDARITY, AS IT HAS ALWAYS BEEN.

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Strong progress in all circumstances!

“

As the half-century-old Development Investment Bank of the 100-year-old Republic of Türkiye, common goal, common future against the climate crisis and other risks!

In line with our main mission, we are a nearly half-century old Bank dedicated to supporting investments in line with the development goals of our country.

Even in times of macroeconomic fluctuations and challenging conditions, we continue to support our country and be the guarantee of development.

As Development Investment Bank, we continue to contribute to Türkiye's sustainable growth. We do our business by always prioritising our planet, which is our common future. We play a key role in the transition to a low-carbon economy and increase the number and impact of cleaner steps taken towards the future.

Türkiye Kalkınma ve Yatırım Bankası A.Ş.

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Trade Registry No: 198898-5 Mersis No: 0879002993500013

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Trade Registry No: 476056



We finance the future of the world

As a Bank that embraces the concept of sustainability, we focus on this concept in all our operations. We prioritise sustainability in all areas from the projects we finance to our investment banking and Türkiye Development Fund activities. Accordingly, 79% of our portfolio consists of sustainability-themed loans.

TL **60.3** billion

Total loans



Huge resource for the increase of production and producers

We are one of the most trustworthy institutions for sustainable growth. With this important responsibility in mind, we continue to increase our funding. The funds we provide from abroad for themes such as mitigating the effects of the pandemic, supporting infrastructure investments and manufacturing sectors, increasing employment, and transition to a low-carbon economy are a lifeline for today and the future.

USD 5 billion

Amount of funding
provided to date



Rising success with the first sustainable Eurobond issuance

We are working for the benefit of our country and the world with the great achievements we have fulfilled and the prestige we have gained in the international arena. As a result of these efforts, we are proud to realise the first sustainable Eurobond issuance. At least 75% of the proceeds of 11-year Eurobond issuance will be allocated for the financing of green projects that contribute to the combat with climate change in Türkiye, while the remaining portion will be directed to social projects.

EUR 100 million

Eurobond issuance amount



With each success we achieve, moving towards greater goals

In a year in which we again increased our financial strength as in recent years, achieving different successes not only motivates us but also contributes to generating innovative ideas. Having a risk rating of 11.0, within which Environmental, Social and Governance (ESG) topics are evaluated, and which was received from an international ESG rating organisation Sustainalytics, we are among the leading institutions in Türkiye and we ensure that our country successfully ranks at the top. We are also included in the Sustainalytics Most Admired ESG Companies List in the 'ESG Industry Top Rated' and 'ESG Regional Top Rated' categories. We were delighted to win the "Best Green Project Financing Bank 2022" award at the International Finance Awards organised by International Finance. The "Great Place to Work" award we received further concretised the value we attach to our employees.

TL **92** billion
Total assets



Corporate Profile

We have been adding value to the future for nearly half a century.

Türkiye Kalkınma ve Yatırım Bankası A.Ş. is a development and investment bank with the status of a joint stock company subject to the provisions of private law, providing financing to enterprises in sectors such as industry, tourism, energy, education, health, and infrastructure, and providing services in the fields of development banking, investment banking and Türkiye Development Fund.

Having an important role in achieving the development targets of our country with its experience, strong foundations and stable structure, the Bank serves the development and growth of our country by means of loans, capital support, partnership, and consultancy services it offers to all companies from start-ups to corporates and SMEs that will contribute to the national economy.

Acting with the goal of adding value to the future with its strong resource structure and competent human capital, the Bank strives to support the structural transformation of our country and contribute to the spread of capital to the grassroots in the light of the values it focuses on and in line with its development priorities.

Deep roots, 48 years of experience

Development Investment Bank, 99.08% of whose capital is owned by the Republic of Türkiye Ministry of Treasury and Finance, is backed by strong public support, assurance, and trust.

99.08%

Republic of Türkiye Ministry of
Treasury and Finance Share

The Bank, which has an important mission in achieving the development targets of our country with its solid foundations and stable structure, was established on 27 November 1975 under the title of State Industrial and Labour Investment Bank. Since 1975, the Bank has played a key role in the realisation of the investments of many companies from different industries and has undertaken strategic roles through the long-term funds it raised.

In line with the purpose of its establishment, the Bank has taken part in the establishment of many labour companies and also provided financing and advisory support. Furthermore, it has participated in the capital of some large-sized enterprises operating in the manufacturing industry as a founding partner.

The Bank's title was changed to Türkiye Kalkınma Bankası A.Ş. in 1988; in 1989 the Bank acquired Turizm Bankası A.Ş. together with all its assets and liabilities and started to provide financing to investments in the tourism industry in addition to the manufacturing industry. Owing to its internationally respected position and the funds it raised, the Bank continued to support competitive and efficient production for a consistent and strong economy and to contribute to the increase of employment, income, and welfare level of our country.

A stronger structure through the transformation process

In 2018, the Bank was restructured as the Development and Investment Bank of Türkiye and moved its head office from Ankara to Istanbul in June 2019. Meanwhile, it has renewed its organizational structure and attained a stronger structure with staff who have experience in the private sector.

Focusing on financing of sustainable development in line with the 2023 targets and in the light of the United Nations Sustainable Development Goals, the Bank continues to support investors with its innovative products and services as well as its dynamic structure brought about by its experienced and specialized human capital who have a good command of international banking standards.

48th
anniversary

“

As always, the Bank continued to support the real sector, production, and employment in 2022 and closed the year with growth in terms of funding, loans, and operational profitability.

The Bank operates in three main areas: development banking, investment banking and Türkiye Development Fund.

The Bank's core objective is to support every industry that can contribute to development, reduce imports and boost exports as per the 11th Development Plan of Türkiye. Thus, it continues financing the projects geared towards Sustainable Development as its main function. All the stages of financing of the projects; from the selection of eligible projects to implementation and assessment, are conducted rigorously to carry our country forward.

We grow together with Türkiye

In a time period marked by the COVID-19 pandemic that hit the world and Türkiye, the Bank helped increase employment and address the needs of enterprises impacted by COVID-19 pandemic through long-term funds raised from overseas. Accordingly, the Bank continued to support the real sector, production and employment - as has been the case in previous years - and concluded the year with growth in terms of the funds raised, loan portfolio and operational profitability.

The Bank increased its assets by 89% year-on-year to TL 91.60 billion. Raising shareholders' equity to TL 6.84 billion, the Bank has attained a capital adequacy ratio of 16.67%.

Having a reputable position and strong relations built on mutual trust with the world's leading financial institutions, the Bank offers long-term funding to the business world via either direct lending or wholesale banking (APEX Banking).

The Bank will further improve its financial performance in the coming period and continue to expand its loan portfolio and funds above the industry average, and to increase its support and added value generation to the real sector.

An active market player in investment banking

Boasting an experienced and well-equipped team with knowledge of the dynamics and subtleties of Turkish and international capital markets, the Bank is structured as an active market player with its diversified product range. The Bank aims to play a leading role in facilitating enterprises' access to national and foreign funds through M&A, capital market instruments, and financial advisory services.

As for technical advisory services, another area of extensive expertise for the Bank, competent human resources supports enterprises and organizations operating in differing sectors. The Development and Investment Bank of Türkiye goes beyond being a conventional lender; it is also a service provider that shares technical know-how and experience with its business partners throughout the investment cycle.

The Bank has been mandated as the financial advisor of the Türkiye Wealth Fund (TWF) in the process of organizing horse racing and accepting bets on domestic and foreign races. In addition, the Bank continues to be involved in a significant number of transactions in the sector, both as financial advisor to the Privatisation Administration in two projects and in seven different private sector projects.

As for capital markets advisory, the Bank led two IPOs amounting to approximately TL 3.62 billion in 2022. The TL 147 million public offering of OBASE Bilgisayar, in which the Bank was leading intermediary institution, was the highest participated IPO with 3.78 times the demand. The Bank was also the leading intermediary institution in the IPO of Ahlatçı Doğalgaz with an amount of TL 3.48 billion, one of the largest IPOs ever.

Corporate Profile

We continue to add value to Türkiye's future with our deep-rooted history.

At the Bonds, Loans & Sukuk Türkiye awards, the Bank won the first prize in the IPO/Equity Capital Markets Deal of the Year category with the public offering of Aydem Yenilenebilir Enerji A.Ş. and the second prize in the Islamic Finance Deal of the Year and Corporate Bond Deal of the Year categories with Türkiye's first social sukuk issuance. The Bank also received an award in the Best Green Project Financing Bank 2022 category at a ceremony organised by International Finance for its intermediation in Türkiye's first low-carbon economy transition bond issuance by Palgaz Doğalgaz.

Global goals for strategic industries

Kalkınma Girişim Sermayesi Portföy Yönetimi A.Ş. (KGSPYŞ – a venture capital portfolio management company), was founded in November 2020 as a wholly-owned subsidiary of the Bank. The company obtained an operating permit in March 2021, where the management of sub-funds under TKF (Regional Development Fund, Technology, and Innovation Fund) was handed over to KGSPYŞ.

Through the funds already established and to be established, KGSPYŞ aims to create strong regional/global companies operating in strategic sectors prioritised for development, as well as to support high-tech start-ups, mainly through a growth capital approach.

USD 6 million

Development METU Teknokent Venture Capital Investment Fund Size

Türkiye Development Fund

In 2022, KGSPYŞ established the Development METU Teknokent Venture Capital Investment Fund with a size of USD 6 million.

KOSGEB became an investor in the Technology and Innovation Fund with a commitment of TL 100 million and the total size of the Technology and Innovation Fund reached TL 475 million.

The Technology and Innovation Fund made a direct capital investment of USD 1.4 million in 2022.

Development Investment Bank's investment commitment of EUR 3 million to 212 Regional Fund II was taken over on 01.01.2022 by the TKYB Capital Fund established under the umbrella fund of the Turkish Development Fund (TDF). TKYB Capital Fund became an investor in Diffusion Capital Partners (DCP) fund with a commitment of EUR 500 thousand. TKYB Capital Fund also made a direct capital investment of USD 1 million in Figopara.

The Development Participation Venture Capital Investment Fund made a direct capital investment of USD 3 million in Livzym Biotechnology Inc.

Currently, three sub-funds of TDF and three Venture Capital Investment Funds are managed by KGSPYŞ.

Responsible banking, sustainable development mindset to add value to the future

Since its founding, the Development and Investment Bank of Türkiye has supported Türkiye's sustainable development and set objectives aimed at furthering its contributions in this direction.

The Bank's sustainability strategy is predicated on a model banking structure that supports Türkiye's sustainable development, adds value to the future, and never compromises on its responsible banking approach in reaching its goals.

“

Cooperation with international organisations is developed within the scope of protecting the environment and struggling against climate change, which are indispensable elements of sustainable development.



The Development and Investment Bank of Türkiye adopts a responsible banking approach, creates value for employees, and strives to remain environmentally responsive in choosing and guiding customers towards this direction.

The Development and Investment Bank of Türkiye collaborates with global organizations to protect the environment and combat climate change, both of which are essential to achieving sustainable development. The Bank is among the founding signatories of the "Principles for Responsible Banking," formulated by the UN Environment Programme Finance Initiative (UNEP FI) to expand the impact of the banking sector activities for a sustainable future.

Since 2016, the Bank has reported to the Climate Change Programme of CDP (Carbon Disclosure Project), the world's largest environmental reporting platform, and scored B (Management Level) in 2022. Risks and opportunities linked with climate change are assessed in this report, while questions on strategy, governance, emission metrics, goals, performance, and value chain interaction are answered voluntarily.

Standing out with its support for sustainable development and responsible banking mindset, Development Investment Bank is the first institution in Türkiye to sign the Impact Management Principles (Impact Principles). Corporate banking, project finance, venture capital and private equity investment activities are managed in line with global impact standards by providing more discipline, transparency, and measurability through an impact lens.

In September 2022, the Bank published its first Impact Report in line with Türkiye's Impact Principles. The report, in which the Bank's approach to creating positive environmental and social impact, impact management systems and processes are transparently shared, has also passed through an independent assurance audit.

The Bank released its first sustainability report in 2020, followed by its first integrated report in 2021. This alone demonstrates its

operations and objectives and their alignment with sustainable development goals.

Not only focusing merely on financial risks, the Bank also considers environmental, social and governance risk assessment as an integral part of lending processes. In this regard, environmental, social and governance risk assessment and management are incorporated in decision-making processes.

All of the Bank's lending processes are assessed in accordance with national, environmental, social and governance laws and regulations, the Bank's own policies and procedures and, where necessary, other environmental, social and governance standards that the Bank is committed to comply with. In all lending processes, Environmental, social and governance Risk Assessment is carried out within the scope of routine decision-making processes and the risks of both customers and projects are analysed separately.

The Environmental and Social Risk Assessment System, which is managed in accordance with the "Environmental and Social Risk Assessment Procedure in the Lending Process," covers the determination of the environmental, social and governance impacts (direct, indirect, and cumulative) related to the construction and operation phases of an investment/project, the assessment of these impacts and the development of measures to mitigate negative impacts, if any.

Environmental and Social Action Plans (ESAP), which specify the actions to be taken by the client to minimise the environmental, social and governance impacts of the projects and include a monitoring programme, are also used as an intermediary to improve the capacity of clients in this area.

The Bank received an award in the "Outstanding Sustainable Project Financing" category at the Global Sustainable Finance Awards given by the European Organisation for Sustainable Development (EOSD) for its innovative contributions to the United Nations Sustainable Development Goals (SDGs) and the ESG criteria applied in its financing activities.

Our Mission, Vision, Core Values and Principles

Our Mission

“

To contribute to the structural transformation and fair capital distribution in our country in accordance with sustainable development priorities by meeting the financial and advisory needs of investing customers; to add value to employees and all other stakeholders with its dynamic, innovative, environmentally and socially responsive banking approach.

Our Vision

“

Our primary goal is to ensure sustainable development in line with our values and add value to the future by always supporting the investor.

Our Core Values

We are deeply committed to the United Nations Sustainable Development Principles.

- Within the scope of the UN Environmental Goals, we take responsibility for our world, environment and society. We keep our strong sense of social responsibility alive. We use our resources effectively and efficiently.

We Are Trustworthy.

- We establish long-term relationships with all our stakeholders based on openness, ethical rules and trust.
- Our decisions are based on objective criteria.

We Are Solution-Orientated.

- Our clients are the focus of all our activities and we shape the future together with our effective and value-creating solutions.

We Value Our Employees.

- We value our employees and encourage continuous learning, participation and sharing.
- We believe in teamwork, work with shared wisdom, strive to be fair and provide equal opportunities to our employees.

We Are Innovative.

- We pioneer positive change with our innovative solutions and add value not only to today but also to tomorrow.

Our Firsts

- The first Turkish bank to offer financial as well as technical support to companies
- The first Turkish bank to execute incentive loans
- The first Turkish bank to support clusters within a program
- The first and only bank to provide financial and technical support in the process of revealing and developing tourism potential
- The first bank to carry out an initial public offering in the capital markets
- The first Turkish bank to prepare a financial support programme for unfinished facilities
- The first Turkish bank among the public and private financial institutions to receive "Climate Friendly Institution" certificate from the Turkish Standards Institute
- The first bank to transfer Islamic Development Bank's resources to SMEs
- The first state-owned bank to obtain ISO 14001 Environmental Management Certification
- The first and only Turkish bank to apply the World Bank's grant program RSM (Risk-Sharing Mechanism) to geothermal exploration projects
- The first and only Turkish bank to become an affiliate member of EIF-NPI (European Investment Fund National Promotional Institutions)
- The first Turkish bank to issue asset-backed securities secured by the mortgage loans of the sector's leading banks
- It served as an intermediary institution in Türkiye's first bond issuance for transition to a low-carbon economy
- The first bank in Türkiye to issue a social sukuk
- The first bank in Türkiye to become a signatory for the Operational Principles for Impact Management

Development Investment Bank’s Strategic Plan for 2022-2026

We aim to accelerate green transformation process of our country.

“

The Strategic Plan of the Development Investment Bank, prepared under the country’s 2023 vision which was adopted by the Board of Directors’ resolution dated 2015 was put into practice successfully.

The Development and Investment Bank of Türkiye has successfully executed its task of development banking for 48 years since its establishment in line with the priorities of the development plans and programs. The Bank prepared a strategic plan in the context of the country’s 2023 vision which was adopted by the Board of Directors’ resolution dated 2015 and put into practice successfully.

The Bank’s projections for the financial statements are reviewed and renewed every year and submitted to the Board of Directors for approval. In this context, the Bank’s financial projection for the 2022-2024 period was approved by the Board of Directors’ resolution dated October 22,2021, with no. 202. The Bank’s budget for 2022 was approved by the Board of Directors’ resolution dated December 28,2021, with no. 249. Revising its strategic objectives in parallel with changing and evolving conditions, the Development and Investment Bank’s Strategic Objectives for 2022 were approved upon the Board’s resolution dated October 22, 2021, with no. 202. The strategic objectives were updated with a Board resolution dated February 24, 2022.

These financial projections and strategic objectives constitute the Bank’s Strategic Plan.

Strategic Objectives

Objectives for Development Banking

- To increase the diversity of financing products and to address differing levels of regional development for priority sectors - designated by the national development plans and programs - which are highly dependent on imports, produce foreign trade deficits, have high potential to generate foreign currency revenues and contribute substantially to employment
- To contribute to Türkiye’s sustainable growth by providing finance via instruments that match a project’s feasibility and cash flow



- To support projects aimed at reaching Sustainable Development Goals and facilitating Türkiye’s green transformation in areas such as transition to a low-carbon economy, fighting climate change, responsible production and consumption, support for the circular economy, eliminating poverty, development of the impact investing ecosystem and job creation

Objectives for Investment Banking

- To improve and diversify stock offerings, borrowing instruments issuances (bills/bonds/sukuk etc.) and M&A advisory services
- To take on projects that will contribute to Türkiye’s development via intermediary services for stock offerings and issuance of borrowing instruments (bonds/bills/ sukuk etc.), as well as advisory services for domestic and overseas strategic/ financial partnerships or subsidiary/asset sale processes
- Working hand in hand with public and private institutions to develop innovative investment banking solutions that will help introduce new products or firms to Turkish capital markets or will spearhead international best practices for the issuance of existing products
- To carry out activities to bring Turkish capital markets to the level of international capital markets and support the entry of foreign capital to our country

Objectives to Strengthen the Funding Structure

- To establish a strong and diversified funding structure supports sustainable asset growth
- To enhance the funding sources from development finance institutions and similar creditors

Objectives for Türkiye Development Fund

- Together with the funds under its umbrella, to support sectors with strategic importance in the sustainable growth of Türkiye, and play a significant role in the development of the startup ecosystem by investing in tech-driven new generation ventures
- Backed by a development model focused on technology and innovation, to undertake efforts to turn public resources into capital investments with a multiplier effect

Objectives for IT and Business Processes

- To create a corporate structure and processes that ensure operational efficiency and productivity in all fields of activity with the support of information technologies and a focus on digitalisation

Summary Financial Information, Capital, and Shareholding Structure

Capital adequacy ratio was realised as 16.67%.

Key Indicators (TL million)

%	31.12.2021	31.12.2022	Change (Value)	Change (%)
Total Assets	48,380.73	91,598.15	43,217.42	89.33
Loans	37,483.22	60,340.30	22,857.08	60.98
Liabilities	43,917.37	84,754.77	40,837.40	92.99
Equity	4,463.36	6,843.38	2,380.02	53.32
Total Income	3,697.25	8,664.64	4,967.39	134.35
Total Expenses (incl. tax)	2,883.33	6,973.27	4,089.94	141.85
Profit/Loss	813.92	1,691.37	877.45	107.81

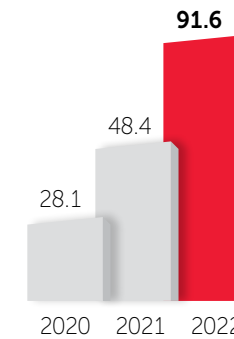
Main Ratios (%)

%	31.12.2021	31.12.2022
Loans/Total Assets	77.48	65.88
Shareholders' Equity/Total Assets	9.23	7.47
Return on Average Assets	2.38	2.39
Return on Average Equity	20.16	31.14
Capital Adequacy Standard Ratio	14.26	16.67

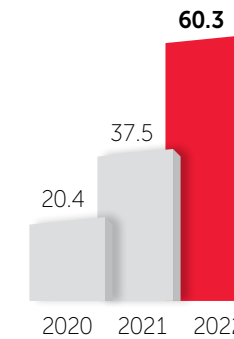
TL 91.6 billion

Total assets increased by 89% and reached TL 91.6 billion.

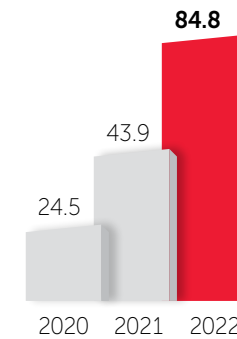
Total Assets (TL billion)



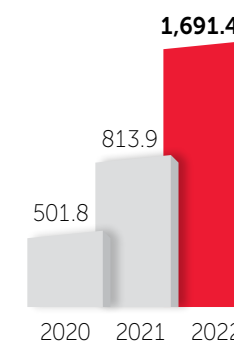
Loans (TL billion)



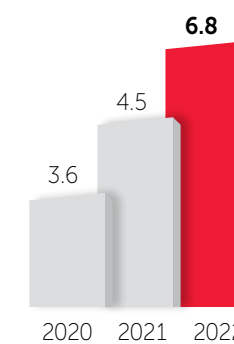
Liabilities (TL billion)



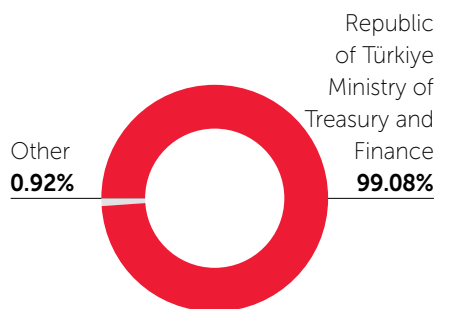
Profit/Loss (TL million)



Shareholders' Equity (TL billion)



Shareholding Structure (%)



Capital and Shareholding Structure of Development Investment Bank ^(*)

Shareholder Name	Current Capital Share (TL)	(%)
Republic of Türkiye Ministry of Treasury and Finance	2,477,038,263.26	99.08
Other*	22,961,736.74	0.92
Total	2,500,000,000.00	100.00

^(*) Includes all real and legal persons and the number of shareholders is not known since the shares of the majority of these shareholders are traded on Borsa Istanbul.

Capital Increase

With the decision of the Bank's Board of Directors dated 18.10.2022, the Bank's issued capital of TL 2,000,000,000.00 was increased by TL 500,000,000.00 (25%) to TL 2,500,000,000.00 within the registered capital ceiling set as TL 10,000,000,000.00.

Amendments to the Articles of Association and Reasons

Articles of Association of Türkiye Kalkınma ve Yatırım Bankası A.Ş. Previous Text	Articles of Association of Türkiye Kalkınma ve Yatırım Bankası A.Ş. Novel Text	Justification for the Amendment
Capital ARTICLE 6. - (1) The Bank has adopted the registered capital system in accordance with the Capital Markets Law No. 6362 and has switched to this system with the permission of the Capital Markets Board dated 08.02.2000 and numbered 157.	Capital ARTICLE 6. - (1) The Bank has adopted the registered capital system in accordance with the Capital Markets Law No. 6362 and has switched to this system with the permission of the Capital Markets Board dated 08.02.2000 and numbered 157.	
(2) The Bank's registered capital ceiling is TL 10,000,000,000,000. - (Ten billion), divided into 1,000,000,000,000. - (One trillion) shares, each with a nominal value of 1.- kuruş.	(2) The Bank's registered capital ceiling is TL 10,000,000,000,000. - (Ten billion), divided into 1,000,000,000,000. - (One trillion) shares, each with a nominal value of 1.- kuruş.	
(3) The Bank's issued capital is fully paid-up TL 1,600,000,000,000 (One billion six hundred million), divided into 160,000,000,000,000 (One hundred and sixty billion) registered shares each with a nominal value of 1.- kuruş.	(3) The Bank's issued capital is fully paid-up TL 2,000,000,000,000 (Two billion), divided into 200,000,000,000,000 (Two hundred billion) registered shares each with a nominal value of 1.- kuruş.	The Bank's issued capital has been increased to TL 2 billion.
(4) Shares representing the capital are monitored in dematerialised form within the framework of dematerialisation principles.	(4) Shares representing the capital are monitored in dematerialised form within the framework of dematerialisation principles.	
(5) he registered capital ceiling permission granted by the Capital Markets Board is valid for the years 2021-2025 (5 years). At the end of 2025, even if the permitted registered capital ceiling has not been reached, in order for the Board of Directors to take a capital increase decision after 2025, it is obligatory to obtain authorisation from the General Assembly for a new period not exceeding 5 years by obtaining permission from the Capital Markets Board for the previously permitted ceiling or a new ceiling amount.	(5) The registered capital ceiling permission granted by the Capital Markets Board is valid for the years 2021-2025 (5 years). At the end of 2025, even if the permitted registered capital ceiling has not been reached, in order for the Board of Directors to take a capital increase decision after 2025, it is obligatory to obtain authorisation from the General Assembly for a new period not exceeding 5 years by obtaining permission from the Capital Markets Board for the previously permitted ceiling or a new ceiling amount.	

(6) In case the said authorisation is not obtained, no capital increase can be made by a resolution of the Board of Directors. The Board of Directors is authorised to increase the issued capital up to the above-mentioned registered capital ceiling by issuing new shares between 2021 and 2025, whenever it deems necessary in accordance with the provisions of the Capital Markets Law, without being bound by the provisions of the Turkish Commercial Code regarding the increase of the share capital.	(6) In case the said authorisation is not obtained, no capital increase can be made by a resolution of the Board of Directors. The Board of Directors is authorised to increase the issued capital up to the above-mentioned registered capital ceiling by issuing new shares between 2021 and 2025, whenever it deems necessary in accordance with the provisions of the Capital Markets Law, without being bound by the provisions of the Turkish Commercial Code regarding the increase of the share capital.
(7) The Board of Directors is authorised to restrict the shareholders' right to purchase new shares, to issue shares above their nominal value and to sell allotted shares. The authorisation to restrict the right to purchase new shares may not be used in a way to cause inequality among shareholders.	(7) The Board of Directors is authorised to restrict the shareholders' right to purchase new shares, to issue shares above their nominal value and to sell allocated shares. The authorisation to restrict the right to purchase new shares cannot be used in a way to cause inequality among shareholders.



Development Investment Bank from Past to Present

The story began in 1975 with the State Industrial and Labour Investment Bank

Establishment

With its strong foundations and stable structure, the Bank has assumed an important mission in Türkiye's progress towards its development goals. The foundations of the Bank were laid with Devlet Sanayi ve İşçi Yatırım Bankası A.Ş. (DESİYAB) (State Industry and Laborer's Investment Bank), established in accordance with the Authorization Act No. 1877 and Statutory Decree No. 13 dated November 27, 1975, as an incorporated company and as a development and investment bank subject to the provisions of private law to conduct all the activities of investment and development banking, including profit-sharing-based capital finance.

1970s

- The Development Investment Bank was the first bank to support labour companies and procure finance from abroad.
- The Development Investment Bank was a pioneer in contributing to the capital of heavy industry companies, also known as the "SAN" companies of the industry, such as TAKSAN, TÜMOSAN, TEMSAN and TESTAŞ.

1980s

- Technical services were delivered as part of the aid program conducted by the State Planning Organization (DPT) for Africa.
- Financing and rehabilitation for labour companies were provided through the Special Credit Fund II (KÖF).
- The Bank took on a role in facilitating infrastructure investments for the tourism industry while financing tourism facilities to help develop the industry.

1990s

- Under the project aimed at "Finalizing Unfinished Investments and Reintroducing Enterprises with Insufficient Working Capital to the Economy," some USD 100 million was extended to 525 companies, which employed approximately 9,000 people.

2000s

- Through Wholesale (APEX) banking activities, the Bank facilitated financing for investments not holding joint-stock company status.
- The Bank became a partner in the Turkish Investment Initiative (TII), which was established under the guidance of the European Investment Fund (EIF), of which the shareholders are the European Investment Bank and the European Commission.

2018

- The Bank was restructured and renamed as Development and Investment Bank. The Law No. 7147 on the Bank entered into force after having been published in the Official Gazette No. 30575 and dated 24.10.2018. As a result, the Bank's name was changed to Türkiye Kalkınma ve Yatırım Bankası A.Ş.
- With the establishment of the Türkiye Kalkınma ve Yatırım Bankası A.Ş. Asset Finance Fund, the Bank issued asset-backed securities worth TL 3.15 billion.

2019

- Establishing the second Asset Finance Fund, the Bank issued asset-backed securities worth TL 1 billion.
- Relocated its Head Office to Istanbul as part of restructuring activities. The Bank started to provide innovative services and products to its customers in Istanbul.
- Türkiye Development Fund was established.
- Became a founding signatory of the UNEP-FI Principles for Responsible Banking.
- Became a member of national and international sustainability organisations and platforms.

2020

- The Technology and Innovation Fund and the Regional Development Fund under the umbrella of the Türkiye Development Fund officially commenced activities.
- The Bank became a shareholder in Birleşik İpotek Finansmanı A.Ş. (Joint Mortgage Finance) and JCR Avrasya Derecelendirme A.Ş. (JCR Eurasia Rating).
- Kalkınma Yatırım Varlık Kiralama A.Ş. (an asset leasing company) and Kalkınma Girişim Sermayesi Portföy Yönetimi A.Ş. (a venture capital portfolio management company) were established.
- The Bank's first sustainability report was published.

2021

- With the Bank acting as the beneficiary, Türkiye's first social sukuk was issued with a value of TL 50 million.
- The Bank became the first and only institution in Türkiye to sign the Operating Principles for Impact Management pioneered by the International Finance Corporation (IFC).
- Kalkınma Girişim Sermayesi Portföy Yönetimi A.Ş. (Bank subsidiary in venture capital portfolio management) established Innovative and Advanced Technologies Venture Capital Investment Fund, and Development Participation Venture Capital Investment Fund. The Bank established TKYB Capital Fund.

2022

- In order to increase the diversity of its funds and contribute to the sustainable growth of our country, Development Investment Bank has added a new sustainability themed fund from abroad and has issued its first sustainable Eurobond amounting to EUR 100 million, of which French Development Agency (AFD) is an investor. While at least 75% of the proceeds of the 11-year maturity issuance will be used to finance green projects that contribute to the fight against climate change in Türkiye, the remaining portion will be allocated to social projects.

First sustainable Eurobond issuance

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Development Investment Bank of Türkiye issued its first sustainable Eurobond of EUR 100 million in 2022.

- As a result of the research conducted by Great Place to Work, the Bank was awarded the Great Place to Work certificate with the evaluation of its employees.
- The Bank's first corporate governance rating study was completed, with a rating score of 9.32 out of 10. This high rating indicates that the Bank is in the first group according to the World Corporate Governance Index.
- The Bank was among the leading institutions in Türkiye with a risk rating of 11.0 given by Sustainalytics, an international sustainability rating organisation, in which Environmental, Social and Governance (ESG) topics are evaluated.
- In addition to the ISO 45001 Occupational Health and Safety Management System and ISO9001 Quality Management System certificates, the Bank obtained the ISO 10002 Customer Satisfaction Management System certificate, which aims to handle, evaluate, and reduce customer complaints, increase customer satisfaction, and address future customer expectations.
- The Bank complied with the ISO/IEC 27001:2013 Information Security Management System Standard, which is the only auditable international standard published by the International Organization for Standardisation (ISO) that defines the requirements for information security and includes the controls that institutions and organisations must comply with in information security.
- The Bank published Türkiye's first Impact Report in line with the Operating Principles for Impact Management.
- Small and Medium Enterprises Development Organization of Türkiye (KOSGEB) became an investor in the Technology and Innovation Fund with a commitment of TL 100 million, reaching the total size of the fund to TL 475 million.
- Kalkınma Girişim Sermayesi Portföy Yönetimi A.Ş. (KGSPYŞ) established the Development METU Teknokent Venture Capital Investment Fund with a size of USD 6,000,000.

Message from the Chairman of the Board of Directors

The total amount of funds we obtained from abroad exceeded USD 5 billion.

Dear Stakeholders

On the morning of 6 February 2023, all of Türkiye was shocked. I wish Allah's mercy to all our citizens who lost their lives in this great disaster experienced by our country, condolences to their grieving families, and a speedy recovery to all the wounded. I sincerely believe that we will overcome this great disaster hand in hand.

In the first quarter of 2022, the positive trend seen in the global economy was replaced by a weakening in the second quarter of the year. Geopolitical risks caused by the Russia-Ukraine war, global inflation, rising recession expectations in developed countries and the uncertainty in supply chains caused by China's zero-case policy led to a loss of momentum in global economic activity.

Despite the slowdown in global economic activity, the Turkish economy maintained its strong growth performance in 2022. Although a limited loss of momentum is expected in the last quarter of the year due to the reflection of the slowdown in global economic activity on exports, the Turkish economy is expected to grow by more than 5% in 2022, positively differentiating itself from its peers.

The Bank continues to support green transformation, production, and employment. While assets increased by 89% in the last quarter of 2022 compared to the same period of the previous year, operating income increased by 96%. The amount of our loans, which constitute 66% of our total assets, increased by 61% in December 2022 compared to the same period of the previous year and reached TL 60.3 billion. Our net income for 2022 was TL 1.7 billion and our capital adequacy ratio was 16.67%.

In this year, the Bank continued to support the sustainable growth of our country through the funds obtained from development finance institutions with which it has established strong partnerships with its 48 years of deep-rooted history. To date, the total amount of funds we have obtained from abroad has exceeded USD 5 billion.

Our priorities such as creating employment, reducing external dependency and current account deficit, supporting priority sectors in development, financing renewable energy and energy efficiency, and supporting technological initiatives are all intended for financing sustainable development together with its environmental, social, and economic dimensions. The Bank issued its first sustainable Eurobond this year. The French Development Agency (AFD) invested EUR 100 million in the first sustainable Eurobond issued by the Bank.

As we support the sustainable development of our country through the financing and advisory services we provide, we also consider sustainability as a corporate responsibility and goal in line with our responsible banking approach.

We contributed to the improvement of the entrepreneurship ecosystem throughout the country by directly investing in venture companies via six funds managed under the umbrella of the Türkiye Development Fund.

In line with Türkiye's sustainable development goals, Development and Investment Bank of Türkiye will continue to create added value for the national economy in all fields of need and to provide financing to priority sectors in development. The Bank, which continues its activities at the same pace in line with the sustainable development goals of our country, supports the future goals of our country with its growing strength.

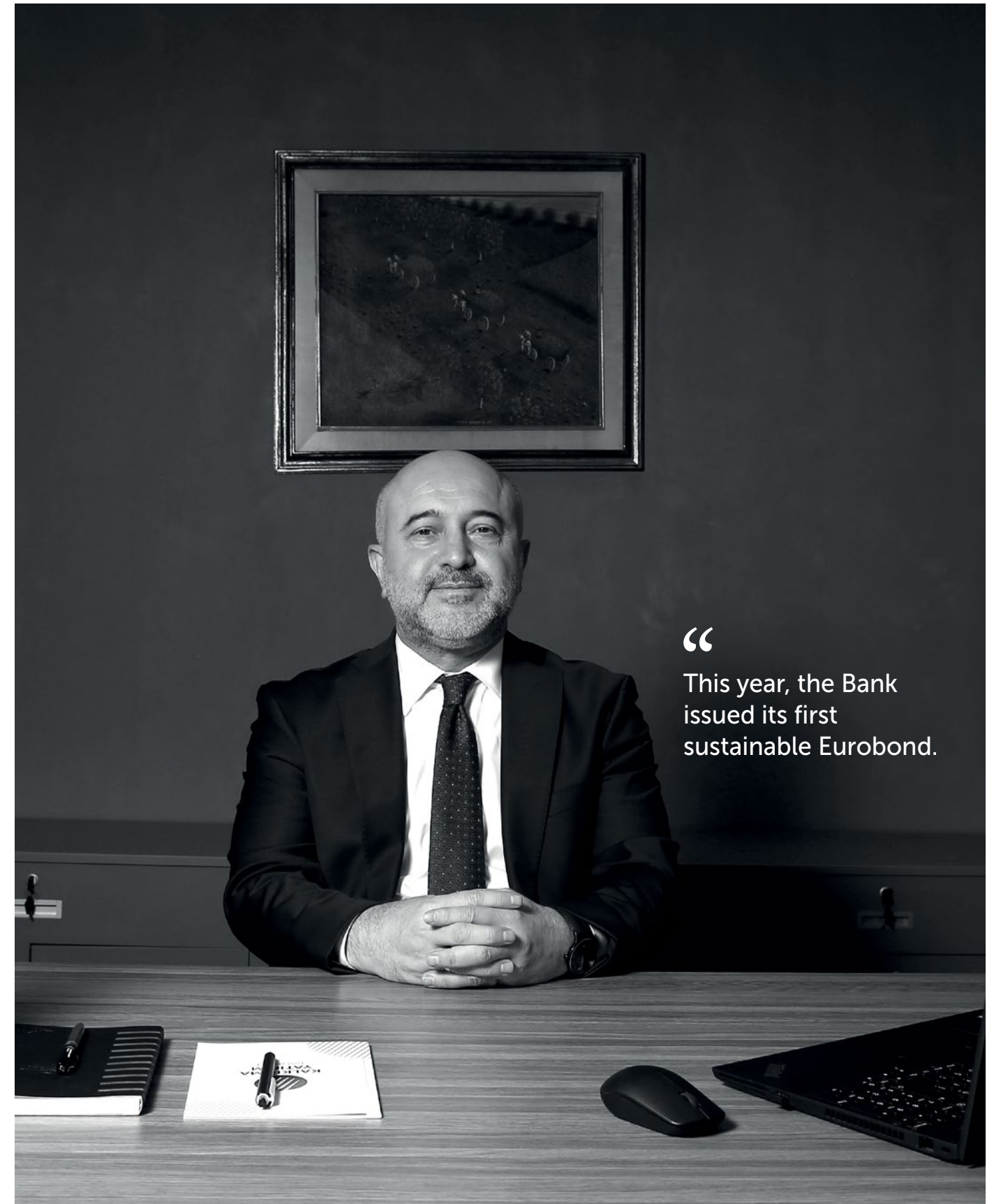
I would like to express my gratitude on my behalf and on behalf of the Board of Directors to all our stakeholders, especially our valuable employees, who will continue the Bank's success in the future as it has been for 48 years.

Dr Raci KAYA
Chairman of the Board of Directors

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This year, the Bank issued its first sustainable Eurobond.”

96%

Increase in Operating Income



Message from the CEO

The Bank's assets reached TL 92 billion as of 2022 year-end.

Dear Stakeholders

Our country experiences the biggest disaster of the century with two tremendous earthquakes of 7.7 and 7.6 magnitude on Monday, February 6, 2023, the epicentre of which was Kahramanmaraş affecting 10 provinces in total. We feel the sorrow of losing thousands of our citizens in our hearts. We wish Allah's mercy to all our citizens who lost their lives, patience to their relatives and a speedy recovery to hundreds of thousands of our wounded citizens. We express our gratitude to all the teams working night and day in search and rescue operations.

2023 will be a year in which our Bank will prioritise its duties to heal the wounds of this great disaster. The unity of our nation, which stood together from the first day and played an active role in search and rescue, logistics and aid activities, increases our belief that we will quickly heal our wounds.

To evaluate our operations in 2022, we can say that, in a conjuncture where global recession concerns have increased and growth forecasts have been revised downwards, the Turkish economy has grown uninterruptedly since the third quarter of 2020 with the contribution of consumption and exports. The slowdown in exports in the last quarter of the year due to foreign demand is expected to be offset by the rise in domestic demand. Thus, the Turkish economy will be one of the fastest growing countries in 2022, with a growth rate above 5%.

In 2022, the Turkish banking sector maintained its positive performance in asset and loan growth, increasing its net profit by 366% year-on-year to TL 433.5 billion. In December 2022, the total assets of the sector increased by 56% YoY to TL 14.3 trillion, while loans, which constitute the largest share of assets, increased by 55% YoY to TL 7.6 trillion. The capital adequacy standard ratio, which increased by 1.1 percentage points year-on-year to 19.5%, is well above the legal requirement.

Strong and consistent performance

As of December 2022, the Bank's assets reached TL 92 billion and performed a growth of 89% compared to the end of the previous year.

The amount of our loans, which constitute 66% of our total assets, increased by 61% compared to the previous year and reached TL 60 billion, while the ratio of gross non-performing loans to total loans decreased by 0.8 points compared to the same period of the previous year and reached 1.48% in the last quarter of 2022. Our Bank's net profit in 2022 increased by 108% compared to the previous year and reached TL 1.7 billion. The capital adequacy ratio was 16.67% in the last quarter.

Deep-rooted history, sustainable future

Our Bank, which has contributed to sustainable growth with the financial support it has provided to investment projects in line with Türkiye's development goals since its establishment, will continue to support the national economy in Türkiye's 100th anniversary through development banking, investment banking and Türkiye Development Fund operations.

By providing resources from international finance institutions, we support renewable energy and energy efficiency projects and stand by our SMEs. The funds we provided from abroad for themes such as supporting infrastructure investments and manufacturing industries and increasing employment exceeded USD 5 billion. Having the responsibility of a trusted institution, we will continue to increase our funds in the forthcoming period.

Offering financing opportunities to businesses from various funding sources for Türkiye's development, our bank has provided our country with a grant of EUR 80 million in 2021 within the scope of "Registered Employment Creation Project" which is financed by the European Union under the Financial Assistance Programme for Refugees in Türkiye (FRIT II) and provided under the management of the World Bank.

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Having the responsibility of a trusted institution, we will continue to increase our funds in the forthcoming period.



Message from the CEO

We support renewable energy and energy efficiency projects and stand by our SMEs.

Our Bank added a new one to the funds obtained from abroad in the field of sustainability and issued its first sustainable Eurobond amounting to EUR 100 million. The proceeds of the issuance with a maturity of 11 years and financed by the French Development Agency (AFD), will be used to finance projects that contribute to the fight against climate change and social projects.

Our pioneering achievements in investment banking continued

Under the umbrella of investment banking, our Bank successfully continues to provide financial advisory, capital markets advisory, M&A advisory services to both private and public institutions.

In 2022, we led two IPOs totalling TL 3.7 billion. The TL 3.48 billion IPO of Ahlatçı Doğalgaz, one of the largest IPOs ever made in capital markets, and the TL 147 million IPO of Obase Bilgisayar, which was the IPO with the highest number of participants as of the date of realisation, were completed under the leadership of our Bank.

Within the framework of our investment banking activities, we acted as an intermediary in the issuance of sukuk (lease certificate) of Tarfin Tarım, a digital agriculture platform operating in the agricultural supply chain and bringing the agricultural ecosystem together with technology, with a total amount of TL 140 million in different issuances.

In 2022, we continued to provide seller-side advisory services to the Privatisation Administration for the privatisation of selected ports and some power plants owned by EÜAŞ. In this context, processes on 4 privatisation auctions have been completed, and studies are currently going on regarding 4 auctions which are expected to be held in 2023. On the private sector field, both seller and buyer side advisory services were provided to companies operating in the energy, chemicals, automotive, packaging, retail, and technology sectors within the scope of M&A advisory. While studies on these projects continue, our Bank successfully completed the sale of a company in the field of renewable energy in 2022.

Within the scope of financial advisory, our Bank provided feasibility advisory services to companies operating in the chemical, agriculture, and manufacturing sectors in relation to their applications for investment incentive certificate. In addition, valuation advisory services for various purposes were provided to significant institutions operating in the energy, health, agriculture, and manufacturing industries.

In 2023, similar studies are underway to prepare feasibility and valuation reports for private and public organisations.

Türkiye Development Fund's total fund size exceeded TL 1.6 billion

With 6 sub-funds under its umbrella, Türkiye Development Fund ("TDF") continued to invest in innovative initiatives and companies with high growth potential in Türkiye this year. In 2022, with the establishment of the Development METU Teknokent Venture Capital Investment Fund in partnership with the Development Fund of Türkiye and METU Teknokent, the total fund size managed by TDF exceeded TL 1.6 billion.

The aim of the Development METU Teknokent Venture Capital Investment Fund is to bring together early-stage technology start-ups with capital investments, mentorship, and access to networks, and to contribute to their transition to the growth stage.

Türkiye Development Fund directly invested a total of USD 6.2 million in seven pioneering and innovative companies through its sub-funds, and indirectly supported Türkiye's entrepreneurship ecosystem by providing more than EUR 10 million to leading venture capital funds.

In addition to SMEs in the fields of industry, mobility, and cybersecurity within the scope of the Regional Development Fund and the Innovative and Advanced Technologies Participation GDFP, our investment processes continue for startups operating in the fields of deep tech, automotive, data analytics, food and fintech planned through the Technology and Innovation Fund and TKYB Capital Fund. In its investments in SMEs, Türkiye Development Fund focuses on companies operating in the manufacturing industry, professional services, Information Technologies, pharmaceuticals/ healthcare, and consumer products sectors with the aim of increasing exports in strategic sectors prioritised for development or reducing the current account deficit, which are of strategic importance for the sustainable growth of our country.

We are aware of our responsibilities for a sustainable world

As of the end of 2022, approximately 80% of our portfolio consisted of sustainability-themed loans. In the same period, the total amount of our loans linked to the United Nations Sustainable Development Goals exceeded USD 2.5 billion. With all these results, we directly and indirectly contribute to 15 of the 17 Sustainable Development Goals.

Our Bank achieved a high score with a risk score of 11.0 in the international ESG rating conducted by the independent rating agency Sustainalytics. In addition, our Bank was entitled to be listed in the "ESG Industry Top Rated" and "ESG Regional Top Rated" categories in the Most Admired ESG Companies List, where approximately 15 thousand organisations worldwide are evaluated by Sustainalytics. This success proved once again that sustainability is at the core of all activities and actions of our Bank.

As the first signatory of the Operating Principles for Impact Management in Türkiye, our Bank published the first Impact Report of our country in compliance with the Impact Principles and transparently disclosed our approach to creating positive environmental, social and governance impact, our impact management systems, and processes.

In line with global impact standards, we will continue to manage our corporate banking, project finance, venture capital and private equity investments activities through an impact lens, ensuring greater discipline, transparency, and measurability.

The second edition of our Integrated Report (2021), in which we share our corporate and sustainability strategy, management approach, environmental, social and governance (ESG) performance, was published this year.

Our achievements are crowned with awards

The awards we have won as a result of our achievements in both national and international platforms have been an important source of motivation that supports and improves our work. We were awarded the Great Place to Work certificate for our employee experience and workplace culture, we were deemed worthy of the "Best Green Project Financing Bank 2022" award with our first low-carbon economy transition bond issuance, and we were among the best in the fields of "Corporate Banking" and "Outstanding Sustainable Project Financing" with our innovative and pioneering projects for sustainable and inclusive development, the fact that our social sukuk issuance was crowned with the "Interest-Free Financing Transaction of the Year" and "Domestic Debt Instrument Transaction of the Year" awards and that we have been awarded the ISO 27001 Information Security Management System certificate are just some of these achievements.

In addition, our Bank, which improves its organisational structure with a focus on sustainability and acts in accordance with corporate and ethical values, received a high score of 9.32 out of 10 in the corporate governance rating study conducted for the first time, proving that it continues its activities in line with the CMB Corporate Governance Principles. Rewarding our achievements not only motivates us, but also contributes to the recognition of the added value and benefit we create by a wider audience and to the generation of innovative ideas by setting an example in the fields in which we operate.

As Development Investment Bank, we will continue to provide added value to the development and growth of our country with all our sustainability-oriented activities and to address all environmental, social, and economic aspects of our operations.

I would like to sincerely thank all members of the Development Investment Bank family and all our stakeholders for their invaluable contributions in carrying our Bank forward day by day, and I would like to extend my condolences once again to our country for this great disaster. We will heal our wounds together.

Best regards,

Ibrahim H. ÖZTOP
CEO and Board Member

89%
Increase in
Asset Size



We continue our operations with the vision of adding value to Türkiye's future.



Our achievements in 2022 had a positive impact on our financial performance.



In 2022, we supported strategic sectors prioritised for development.



We continue to work in line with our successful financial performance.



CAR*

16.67%

Development Investment Bank continued its successful performance in 2022 with a capital adequacy ratio of 16.67%.

* Capital adequacy ratio

Equity

TL 6.84 billion

In 2022, Development Investment Bank continued to support the Turkish economy with the strength it derived from its shareholders' equity, which increased by 53% year-on-year to TL 6.84 billion.

Fund Size

USD 6 million

The Development METU Teknokent Venture Capital Investment Fund with a total size of USD 6 million was established under the umbrella of the Development Fund of Türkiye. The Bank transferred USD 1.5 million to the Fund.

Net Profit

TL 1,691 million

In 2022, Development Investment Bank continued its successful performance and increased its net profit by 108% year-on-year to TL 1,691 million.

Developments and Expectations in the World Economy in 2022

Global inflation is expected to remain high in 2023, despite a gradual decline.

Having recovered rapidly in 2021 thanks to the expansionary policies implemented to combat the pandemic, global economic activity lost momentum in 2022. Increasing geopolitical risks due to the Russia-Ukraine war, rising inflationary pressures led by the rise in energy and food prices, monetary tightening in developed country central banks led by the US Federal Reserve (FED), supply constraints and China’s zero tolerance policies against the pandemic were the prominent factors in the slowdown in the global economy. In this context, according to the World Bank, global economic growth, which reached 5.9% in 2021, is estimated to have slowed to 2.9% in 2022.

World trade volume, which increased by 10.6% in 2021, is expected to grow by 4.0% in 2022 due to the slowdown in global activity. Global inflation increased in 2022 due to the rise in food and energy prices and reached 7.6% on an annual basis according to the World Bank.

2.9%
2022 Global Growth Rate

The ratio of global public debt stock to GDP, which reached 107% at the end of 2020 due to increased public expenditures during the pandemic, decreased partially to 99% at the end of the third quarter of 2022. Due to the tight monetary policies implemented to combat rising inflation, the deterioration in financial conditions and the negative effects of the Russia-Ukraine war, the World Bank expects global growth to decline to 1.7% in 2023, led by the slowdown in the US, European Union, and Chinese economies. Global inflation is expected to remain high in 2023, albeit gradually declining.



MAIN INDICATORS REGARDING THE WORLD ECONOMY

	2021	2022	2023
Global Growth Rate (%)	5.9	2.9	1.7
Developed Countries Growth Rate (%)	5.3	2.5	0.5
Developing Countries Growth Rate (%)	6.7	3.4	3.4
Global Trade Volumes (% change)	10.6	4.0	1.6
Oil Prices (USD, Barrel)	70.4	100	88
Global Inflation (%)	4.7	7.6	5.2

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The ratio of the global public debt stock to GDP, which reached 107% at the end of 2020 due to increased public expenditures during the pandemic, decreased partially to 99% at the end of the third quarter of 2022.

^(*) Source: World Bank Global Economic Prospects Report, January 2023



Developments and Expectations in the Turkish Economy

Türkiye has been one of the countries with the strongest economic growth.

Despite the negative supply shocks intensified due to the Russia-Ukraine war and increased uncertainties, the strong course of the Turkish economy continued in the first three quarters of 2022 thanks to the measures taken. After achieving growth rates of 7.5% and 7.7% in the first and second quarters of the year, respectively, the Turkish economy grew by 3.9% yoy in the third quarter, reflecting the weakening global demand. Macroeconomic indicators for the last quarter of the year suggest that the slowdown in growth due to weaker external demand was compensated by the relatively strong domestic demand. Thus, the Turkish economy will be one of the strongest growing countries in 2022 with a growth rate above 5%.

Despite the negative impact of rising geopolitical risks on the European economy, our largest export partner, and the fluctuations in the Euro/Dollar parity as of the second quarter of the year, exports remained strong and increased by 12.9% yoy to USD 254.2 billion. Imports grew by 34.3% y-o-y to USD 364.4 billion on the back of rising energy prices and gold imports.

As a result of the supply constraints that became more evident in 2022 due to geopolitical risks, global commodity, and food prices, particularly energy prices, rose rapidly. Accordingly, annual consumer inflation closed 2022 at 64.3%, while producer inflation reached 97.7%. With the expected decline in commodity prices due to the slowdown in global economic activity and the stabilisation in the foreign exchange market with the contribution of macroprudential measures, inflation is expected to decline in 2023.

5.2%
Growth Rate Forecast



MAIN INDICATORS REGARDING THE ECONOMY OF TÜRKİYE

	2021	2022	2023 ⁽²⁾
Growth Rate (%)	11.4	5.2 ⁽¹⁾	5.0
Foreign Trade Balance (USD billion)	-46.2	-110.2	-80.0
Current Account Balance (USD billion)	-13.6	-47.3 ⁽²⁾	-22.0
Current Account Balance/GDP (%)	-1.7	-5.9 ⁽²⁾	-2.5
Travel Revenues (USD billion)	26.6	43.0 ⁽¹⁾	45.0
Change in Consumer Prices (%)	36.1	64.3	24.9
Unemployment Rate (%)	12.0	10.8 ⁽²⁾	10.4

⁽¹⁾ Realisation
Source: Medium Term Programme 2023 - 2025
Note: ⁽¹⁾ Realisation estimate, Development Investment Bank
⁽²⁾ Programme

“
Exports remained strong, rising by 12.9% year-on-year to USD 254.2 billion.



Sectoral Position of the Development Investment Bank

The Bank's loan-to-asset ratio stood at 66% at the end of 2022.

The asset size of the Turkish banking sector increased by 56% yoy to TL 14.3 trillion in December 2022. Global monetary policy implementations and inflation developments were influential in the developments in the sector.

Loans Continued to Constitute the Largest Item on the Balance Sheet

As of December 2022, total loans continued to be the largest asset item, constituting 53% of the banking sector's balance sheet. The sector's loan stock increased by 55% compared to end-2021 and reached approximately TL 7.6 trillion. The loan volume of the Development and Investment Banks (DIB) Group increased by 17% yoy. The Bank's loan stock increased by 61% yoy to TL 60.3 billion in 2022.

The loan/asset ratio of the Development and Investment Banks, which stood at 67% at the end of 2021, stood at 59% at the end of 2022. The loan-to-asset ratio of the Development and Investment Bank was 66%, above that of the Development and Investment Banks Group.

The banking sector's gross non-performing loans ratio, which was 3.1% in 2021, declined to 2.1% at the end of 2022.

The gross non-performing loans ratio of the Development and Investment Banks Group decreased from 1.0% in December 2021 to 0.9% as of December 2022. The Bank's gross non-performing loans ratio was 1.5% as of December 2021.

The banking sector's net profit for 2022 increased by 366% compared to the previous year and reached TL 434 billion. Compared to 2021, the sector's net interest income increased by 188% to TL 764 billion. In 2022, the sector posted a net foreign exchange profit of TL 64 billion, compared to a foreign exchange loss of TL 60 billion in 2021. The sector's return on assets increased from 1.3% in 2021 to 3.7% in December 2022.

KYB Group increased its net profit for the period by 122%. KYB Group's return on assets at the end of 2022 increased to 3.0% from 2.1% in the previous year. The Bank's return on average assets remained flat at 2.4% in 2022.

Development Investment Bank's Capital Adequacy Ratio Was 16.7

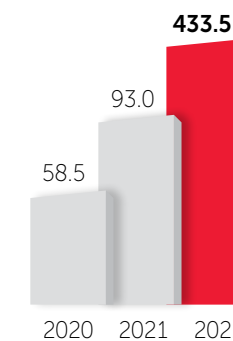
The banking sector's capital adequacy ratio (CAR), which was 18.7% in 2020, stood at 18.3% in December 2021. BRI Group CAR, which was 25.8% in 2020, stood at 22.6% as of December 2021. The Bank's CAR stood at 16.7% in 2022.

TL 7.6 trillion

Banking sector
loan stock



Banking Sector Net Profit (TL billion)



“

The net profit of the banking sector for 2022 increased by 366% compared to the previous year and reached TL 434 billion.

Evaluation of 2022 Activities and 2023 Targets

Development Investment Bank continues to contribute to Türkiye's structural transformation.

In 2022, in line with its core strategies, Development Investment Bank continued to create lasting value for the investors with whom it is a solution partner and to support sustainable development with a responsible banking approach. With its professional team and the "know-how" it has built over the years, the Bank continues to contribute to the sustainable development of our country, Türkiye's structural transformation and the spread of capital to the grassroots by providing loans, capital support, investment banking, partnership, equity financing and consultancy services to Turkish investors, the business world and sectors that will create added value for the national economy in the following areas:

- Access to international funds,
- Project evaluation and project financing,
- Preparation of feasibility studies of investment projects,
- Company valuation and appraisal studies,
- Grant programmes,
- International technical co-operation,
- Investment commitment advance loan from the Central Bank of the Republic of Türkiye,
- Risk Sharing Mechanism leadership,
- Investment banking services,
- Developing innovative capital market products,
- Maintaining activities with a sustainable development and responsible banking perspective,
- Türkiye Development Fund services.

At the end of 2022, the Bank increased its assets by approximately 89% compared to the same period of the previous year, while its operating income increased by 96%. The Bank's loans, which accounted for 66% of total assets, increased by 61% year-on-year to TL 60.3 billion at the end of 2022. The Bank's year-end profit was announced as TL 1.691 million and its capital adequacy ratio was announced as 16.67% as of the end of 2022. The ratio of the Bank's gross non-performing loans to total loans stood at 1.5% at the end of 2022.

In 2023, the Bank will continue to add new products and services to its existing products and services, focusing on digitalisation and quality to achieve its financial and operational targets.

2022 Activity Period Highlights

- An important step for the Bank and our country in the field of corporate banking, the "Support for Investment" TL Loan, which is an Investment Commitment Advance Loan with a maturity of up to 10 years originating from the Central Bank of the Republic of Türkiye, was launched in June 2020. In 2022, the "Support for Investment" TL Loan disbursements continued.
- Within the scope of efforts to diversify funding sources and contribute to the sustainable growth of our country, the Bank added a new one to the foreign funds obtained in the field of sustainability and issued its first sustainable Eurobond in the amount of EUR 100 million in September 2022. At least 75% of the proceeds of the 11-year maturity issuance which is financed by the French Development Agency - AFD will be allocated to the financing of green projects contributing to the fight against climate change in Türkiye, while the remaining portion will be directed to social projects.

EUR 100 million
Sustainable Eurobond Issuance



- The Bank's first corporate governance rating study was completed, and the rating score was determined as 9.32 out of 10. This high rating demonstrated that the Bank has achieved substantial compliance with the CMB's Corporate Governance Principles and that its corporate structure and functioning are in the best practice category and enabled the Bank to be ranked in the first group according to the World Corporate Governance Index ("WCIGI").
- In addition to the ISO 45001 Occupational Health and Safety Management System and ISO9001 Quality Management System certificates, the Bank obtained the ISO 10002 Customer Satisfaction Management System certificate, which aims to address, evaluate, and reduce customer complaints, increase customer satisfaction, and address future customer expectations.
- As a result of the research conducted by Great Place to Work, the Bank was awarded the Great Place to Work certificate based on the evaluation of its employees.
- KOSGEB became an investor in the Technology and Innovation Fund with a commitment of TL 100 million, bringing the total size of the Fund to TL 475 million.
- In 2022, KGSPYŞ established the USD 6,000,000 Development METU Teknokent Venture Capital Investment Fund.
- Efforts were initiated to provide financing in the areas of sustainability and climate finance and food safety.
- Within the framework of capital markets consultancy, the Bank led two public offerings amounting to approximately TL 3.62 billion in 2022. The TL 147 million public offering of OBASE Bilgisayar, led by the Bank, was the public offering with the highest participation with 3.78 times the demand. The Bank also led the TL 3.48 billion public offering of Ahlatçı Doğalgaz, one of the largest public offerings ever made. With 4.35 times the demand, this public offering, which broke a record among recent offerings, was also successfully completed.
- With an ESG risk rating of 11.0 by Sustainalytics, an international sustainability rating organisation, in its risk rating assessing Environmental, Social and Governance (ESG) topics, the Bank has positioned itself among the leading institutions in Türkiye and successfully ranked among the top companies in Türkiye.

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The Bank was awarded the Great Place to Work certificate based on the evaluation of its employees.

Evaluation of 2022 Activities and 2023 Targets

Award in the category “Best Green Project Financing Bank 2022”

- In September, the Bank published its first Impact Report in line with Türkiye's Impact Principles. The report, in which the Bank's approach to creating positive environmental social and governance impact management systems and processes are transparently shared, has also passed an independent assurance audit. In line with global impact standards, the Bank will manage its corporate banking, project finance, venture capital and private equity investments activities by providing more discipline, transparency, and measurability through the impact lens.
- In 2022, the Bank's Sustainable Financing Framework was published. Second Party Opinion (SPO) was obtained for the framework, which is aligned with the ICMA Green Bond Principles, ICMA Social Bond Principles, LMA Green Loan Principles and LMA Social Loan Principles.
- The Bank's Environmental and Social Risk Assessment System has become more innovative and dynamic thanks to the consultancy received under the grant agreement signed with KfW for technical assistance services.
- The Bank participated in the 27th Conference of the Parties to the United Nations Framework Convention on Climate Change held in Sharm el-Sheikh, Egypt on 6-18 November 2022, and held the necessary consultations on the provision of resources to our country for financing climate change prevention and adaptation investments.
- The Bank, which has been reporting to the Climate Change Programme of CDP, the world's largest environmental reporting platform, since 2016, achieved a B (Management Level) score in 2022.
- The World Bank issued a Call for Proposals for the EUR 70 million Registered Employment Creation Project Grant Programme and applications were collected through the Kayist Electronic Application Platform designed and prepared by the Bank. The administrative and compliance control, independent evaluation and Grant Evaluation Committee studies of the received applications were completed on the Kayist Platform and submitted to the first approval of the World Bank.
- Individual and company consultancy service procurement from the technical and institutional support budget under the World Bank Registered Employment Creation Project Grant Component was carried out in accordance with the World Bank procurement rules.
- Loan agreements were signed with eight intermediary financial institutions, including six financial leasing banks and two commercial banks, after allocating the entire amount of approximately USD 470 million to be disbursed through the wholesale banking method. Approximately USD 190 million was transferred to intermediary financial institutions to be utilised as sub-loans.
- The Bank received an award in the “Best Green Project Financing Bank 2022” category at the International Finance Awards organised by the international finance magazine International Finance for its intermediation in Türkiye's first low-carbon economy transition bond issue.
- The Bank was awarded in the “Outstanding Sustainable Project Financing” category at the Global Sustainable Finance Awards organised by the European Organisation for Sustainable Development (EOSD) for its innovative contributions to the Sustainable Development Goals (SDGs) and the ESG criteria applied in its financing activities.
- At the Bonds, Loans & Sukuk Türkiye awards, the Bank won the first prize in the IPO/Equity Capital Markets Deal of the Year category with the public offering of Aydem Yenilenebilir Enerji A.Ş. and the second prize in the Islamic Finance Deal of the Year and Corporate Bond Deal of the Year categories with

TL 3.62 billion
Leadership in Two Ring Supply



Türkiye's first social sukuk issuance. The Bank also received an award in the Best Green Project Financing Bank 2022 category at a ceremony organised by International Finance for its intermediation in Türkiye's first low-carbon economy transition bond issuance by Palgaz Doğalgaz.

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The Bank received an award in the “Outstanding Sustainable Project Financing” category at the Global Sustainable Finance Awards given by the European Organisation for Sustainable Development (EOSB) for its innovative contributions to the Sustainable Development Goals (SDGs) and the ESG criteria applied in its financing activities.

- The Bank and the intermediated transactions received awards in four categories at the Bonds, Loans & Sukuk Türkiye Awards. Türkiye's first social sukuk issuance, which was realised by the Bank in 2021, was awarded the second prize for the Interest-Free Financing Transaction of the Year and the second prize for the Domestic Debt Instrument Transaction of the Year.
- The Bank achieved compliance with the ISO/IEC 27001:2013 Information Security Management System Standard, the only auditable international standard published by the International Organization for Standardisation (ISO), which defines the requirements for information security and includes the controls that institutions and organisations must comply with in Information Security.

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The Bank received an award in the “Outstanding Sustainable Project Financing” category at the Global Sustainable Finance Awards.

Evaluation of 2022 Activities and 2023 Targets

Extensive cooperation with international institutions and organisations

Resource Development and Monitoring Activities



Development Investment Bank carries out extensive cooperation activities with international institutions and organisations that support the development of key industries in the economy in all areas that Türkiye needs.

Equity

The paid-in capital of the Development Investment Bank was increased to TL 2.5 billion by the end of 2022.

Foreign Resources

The resources obtained by the Bank from foreign financial institutions and extended to investor companies in 2022 are summarised below:

European Investment Bank (EIB)

- The utilisation of the EIB Development III/A SME-LE and EIB Environment Energy A loans, which have been allocated to companies but not yet drawn and disbursed to the companies, is at the stage of completion. Loan repayments and redemptions are monitored.

German Development Bank (KfW)

- On 12 August 2019, a grant agreement was signed with KfW for Technical Assistance services amounting to EUR 2 million. The consultancy services to be provided to the Bank are utilised through payment made by KfW to the relevant service providers.

- KfW Financing of Infrastructure Investments II: A loan agreement and a subordination agreement with a limit of EUR 13,624,861.94 was signed with KfW-German Development Bank on 17 September 2019 to be used in the lending of infrastructure investments. The loan has been fully utilised, and repayments are being monitored.
- KfW Solar Loan: A loan agreement and subordination agreement amounting to EUR 45 million was signed with KfW-German Development Bank on 20 December 2019 to finance solar energy and renewable energy investments. The entire loan was transferred to our accounts. Loan repayments are monitored within the framework of redemptions.

World Bank (WB)

- Geothermal Energy Development Loan I: Monitoring and repayments of the loans disbursed within the framework of the USD 100 million loan agreement signed between the Bank and the World Bank in 2016 are monitored. In 2021, a loan agreement was signed for an additional financing of USD 150 million. The loan became effective on 17 June 2022.
- Registered Employment Credit: Within the framework of the EUR 316 million loan agreement signed between the Bank and the World Bank on 1 June 2020, the total amount of drawdown reached EUR 104 million. The disbursement of the loan continues through direct financing and APEX method.
- Emergency Company Support Loan: A loan agreement amounting to USD 250 million was signed between the World Bank (WB) and the Bank on 9 September 2020. USD 70 million was drawn from the loan in 2022, bringing the total amount drawn to USD 120 million. The utilisation of the loan through the APEX method continues.
- World Bank-European Union Grant: With the Grant Agreement signed between the Bank and the World Bank on 22.02.2021, a call for proposals was published on 17 December 2021 for the use of the EUR 76 million grant provided by the European Union (EU) to employment-creating enterprises. Following the receipt and evaluation of applications, grants will be made available to companies that create employment.



Islamic Development Bank (IDB)

- IDB Clean Energy and Energy Infrastructure Projects/ Instalment Sales: Within the scope of financing clean energy and energy infrastructure projects, a financing agreement amounting to USD 200 million was signed on 22.11.2017 with the Islamic Development Bank (IDB) to be used through instalment sales method. The drawdown and disbursements of the loan have been completed. Closing procedures of the financed projects have been completed. Monitoring and repayment procedures are being followed.

Black Sea Trade and Development Bank (BSTDB)

- The loan agreement amounting to EUR 50 million between the Bank and the Black Sea Trade and Development Bank (BSTDB) was signed on 18 December 2018 and entered into force. Monitoring and repayment procedures regarding the loan are being followed.

Asian Infrastructure Investment Bank (AIIB)

- AIIB Renewable Energy - Energy Efficiency Loan: The loan agreement was signed on 10 December 2019 for USD 200 million financing from the AIIB for the financing of the Bank's renewable energy and energy efficiency projects. By the end of 2021, the entire loan was disbursed, and a USD 100 million Additional Financing Agreement was signed. All of the Additional Financing was utilised in 2022.
- AIIB COVID-19 Loan: The USD 300 million loan agreement between the Asian Infrastructure and Investment Bank (AIIB) and the Bank was signed on 17 August 2020 and entered into force. As of 2022, loan drawings were completed.

Japan Bank for International Cooperation (JBIC)

- GREEN III: A GREEN III loan agreement amounting to USD 170 million was signed between the Bank and JBIC on 29 March 2021. USD 113.5 million of the loan was utilised in 2022. The utilisation process of the loan is ongoing.

China Development Bank

- A loan agreement amounting to USD 200 million was signed between the Bank and China Development Bank on 28 December 2021 for financing infrastructure energy, manufacturing industry, education sectors and SMEs. USD 29.3 million of the loan was utilised in 2022. Work on loan disbursements is ongoing.

Resources Provided in 2022/Loan Agreements

French Development Agency (AFD)

- A sustainable bond issue of EUR 100 million was realized with AFD in September 2022.

Evaluation of 2022 Activities and 2023 Targets

EUR 70 million grant within the scope of the Registered Employment Creation Project

Project Management Activities



The Creating Registered Employment Project aims to support the enhancement of employability and access to the labour market for Turkish citizens and refugees.

World Bank FRIT-II Funded Registered Employment Creation Grant Programme Activities

The Registered Employment Creation Project aims to support increasing the employability and access to the labour market of Turkish citizens and refugees. The Project will increase the social and economic independence of these groups, gradually reduce their dependency on social assistance programmes and increase their integration and contribution to the Turkish economy.

In this respect, the Project aims to increase the capacity of beneficiary companies in certain provinces to expand their businesses. In conjunction with this, it will contribute to their access to financial resources and skills to increase formal employment and decent working conditions for Turkish citizens and refugees.

On 17 December 2021, the Bank launched a call for proposals for the EUR 70 million Kayist Grant Scheme under the Grant Component of the Formal Employment Creation Project implemented jointly with the World Bank.

Out of 24 projects, eligible firms were given a deadline of 14 March 2022 to submit sub-grant project proposals based on viable business and employment plans. Within the scope of the work carried out by the Development Cooperation and Wholesale Banking Unit with a project cycle management approach, the Project Implementation Guide approved by the World Bank was prepared, and the planning and call for project proposals processes of the Kayist Grant Programme were completed. The evaluation process was finalised by completing the budget revision stage for grant applications that passed through the preliminary examination, independent evaluation, and evaluation committee stages.



Following the completion of the evaluation process, a list of noble and substitute candidates was prepared for the first approval of the World Bank. After the completion of the environmental and social evaluation processes of the list of noble and substitute companies that received the first approval of the World Bank by the consultant company, the list will be submitted to the second approval of the World Bank and grant contracts will be signed with the companies in the approved final list. The contract signing process with the grant beneficiary companies is planned to be completed in the first quarter of 2023. Following the monitoring and evaluation process, the programme will be closed in the last quarter of 2024.

The contract and monitoring module, which is the last phase of the Grant Platform, whose preliminary review, independent evaluation, evaluation committee, budget revision and Environmental, Social and Governance assessment modules have been completed, is expected to be completed in the second quarter of 2023. For the grant component of the project carried out with the World Bank, it is envisaged that the beneficiary contract signing processes will be completed in the first quarter of 2023 and advance payments to the grant beneficiaries will start after the first monitoring visit.



The Bank made call for proposals for EUR 70 million Kayist Grant Programme under the Grant Component of the Creating Registered Employment Project.

Within the framework of the technical assistance activities to be carried out within the scope of the Grant Programme, which is planned to be implemented between 2022-2024, institutional capacity building activities for the Bank and part of the technical assistance trainings for grant beneficiaries are planned to be carried out in 2023.

The Project's Stakeholder Engagement Plan, Labour Management Plan, Environmental and Social Commitment Plan, Bank's Environmental and Social Policy, Grievance Mechanism, Project Implementation Manual, Grant Programme Application and Evaluation Package and Grant Application Evaluation Manual have been prepared. The extension process of the VAT Exemption Certificate obtained under the Technical Assistance Component of the Project has also started.

COMCEC Project Finance Programme Activities

COMCEC (Standing Committee on Economic and Commercial Cooperation of the Organisation of Islamic Cooperation) Project Financing is a financing mechanism defined by the COMCEC Coordination Office (CCO) and launched in 2013. This mechanism provides financial support to the projects submitted by the Member Countries and the relevant Organisation of Islamic Cooperation (OIC) Institutions in order to achieve the objectives and realise the outcomes of the COMCEC Strategy. COMCEC Project Financing aims at enhancing solidarity among the member countries, realising multilateral cooperation, and developing human and institutional capacity in the member countries by considering the policy recommendations adopted at the COMCEC Ministerial Session.

Evaluation of 2022 Activities and 2023 Targets

Within the scope of COMCEC Project Financing 16 projects have been completed.

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Under the credit component, trainings will be organised for skills development for firms benefiting from sub-credits and for institutional capacity building for implementing intermediary institutions.

The relevant Organisations of the OIC operating in the field of economic and commercial cooperation and the public institutions of the COMCEC Member Countries which are members of the relevant Working Group can apply for projects. The projects can be designed in one of the six different areas of cooperation (Financial Cooperation, Agriculture, Trade, Tourism, Transport and Communication, Poverty Alleviation) in line with the sectoral themes adopted by the CCO and published on its website. In addition to the host country, at least two partner countries are involved in the projects either as beneficiaries or capacity providers (technical assistance, human resources, etc.).

Within the framework of the protocol signed between the COMCEC Coordination Office and the Bank, two of the 24 projects to be financed in the implementation period of 2022 have been cancelled and 16 projects have been completed. There are six projects with ongoing financial reporting and disbursement processes. As of 30.12.2022, a payment of 15,540,818.02 TL was received within the scope of COMCEC in 2022 and 12,643,154.38 TL of this amount was transferred for project payments. The project list for the 2023 implementation period has not been announced yet.

Technical Assistance Activities

World Bank Registered Employment Creation Project

Under the "Technical and Institutional Support" component of the procurement activities of the Creating Registered Employment Project, there is a total budget of EUR 6,611,538, of which EUR 5,961,538 is grant and EUR 650,000 is loan.

Loan Component: With the technical assistance budget of EUR 650,000 under the loan component, it is envisaged to organise trainings and consultancy services for skills development for companies benefiting from sub-credits and for institutional capacity building for implementing intermediary organisations. In 2022, the Credit Training Coordinator prepared a draft training plan for capacity building for Banks and Intermediary Financial Institutions as sub-credit users and implementing institutions and submitted it to the World Bank for approval. Under the credit component, training and consultancy procurement is planned to be carried out in 2023 and 2024.

Within the scope of capacity building for the implementation of sub-loans, part-time service procurement contracts were signed with individual consultants. In 2021, contracts were signed with a credit training coordinator and a credit procurement specialist, and in 2022, contracts were signed with a credit environmental specialist, a credit social specialist and a credit integrity assurance provider.

In 2023, it is planned to sign individual consultant service procurement contracts with a credit environment specialist and a procurement specialist. In addition, the procurement process for environmental, social and governance assessment, monitoring, and training services for sub-project implementation of intermediary financial institutions (IFIs) is ongoing. Negotiations with the consultant company are planned to be finalised and the contract is planned to be signed in early 2023. The planned budget is EUR 180,000.



Grant Component: Within the scope of skills development activities for companies benefiting from sub-grants under the grant component, training planning studies were carried out by the Grant Training Coordinator in 2022 and the draft training plan was submitted to the World Bank. In 2023 and 2024, training purchases are planned to be realised.

Within the scope of capacity building activities for the implementation of sub-grants, contracts were signed with grant communication specialist, grant financial management specialist, graphic design specialist, grant integrity assurance provider, grant environmental specialist and grant social specialist individual consultants in 2022. In 2022, services were procured from an organisation company for grant promotion days and a separate service procurement was made for grant web page design.

In order to provide implementation support to the Development Investment Bank, which is the implementing organisation of the grant component, contracts were signed with two consultant firms for the procurement of administrative compliance and technical assessment service (contract amount: TL 4,431,175) and environmental social and governance assessment and monitoring service (Budget TL 9,446,000).

In 2023, a contract will be signed with a consultant firm for grant monitoring and evaluation studies. For individual consultancy service procurement, it is planned to sign contracts with 5 individual experts, including two IT experts, one project assistant, one environmental expert and one procurement expert. For the capacity development of the Bank's employees, work with the grant training coordinator will be finalised and training purchases will be made.

World Bank Emergency Company Support Project

Terms of reference have been prepared for the procurement of consultancy services to carry out environmental, social and governance assessment and monitoring activities of the intermediary financial institutions, which are the implementing institutions of the loan, and the procurement process is expected to be completed in early 2023.

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Skills development trainings will be provided for the companies benefiting from sub-grants under the grant component.

Evaluation of 2022 Activities and 2023 Targets

Intermediary financial institution agreement with six financial leasing companies

Wholesale Banking Lending (APEX) Activities

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In 2023, the evaluation and reporting of sub-credits of intermediary organisations will continue and a total of USD 160 million is planned to be disbursed.

World Bank Formal Employment Creation Project Wholesale Banking Component (Formal Employment Creation Project)

The World Bank approved the financial, environmental, and social examination and assessment reports prepared within the scope of the intermediary financial institution selection studies for EUR 190 million, which is the APEX loan component of the Registered Employment Creation Project carried out with the World Bank and signed intermediary financial institution (IFI) agreements with six financial leasing companies.

A total of EUR 70 million was disbursed to the institutions with which intermediary financial institution loan agreements were signed. The evaluation and reporting of the sub-projects of financial leasing companies for the disbursed loans are ongoing.

In 2023, a disbursement of EUR 120 million is foreseen. The budget of EUR 650,000 allocated for capacity building training and consultancy services for the Development Investment Bank, intermediary institutions, and loan beneficiary companies within the scope of the loan is expected to be used mainly in 2023.

Within the scope of the APEX component of the project, the consultancy service procurement process for the company that will provide consultancy for the Environmental, Social and Governance Assessment phase is ongoing. In the first quarter of 2023, it is planned to start working with the consultant company.

World Bank Emergency Firm Support Project Wholesale Banking Component (Emergency Firm Support Project)

In order to meet the working capital and investment needs of SMEs affected by the COVID-19 pandemic, the entire USD 250 million Emergency Firm Support Project provided by the World Bank is being disbursed through the wholesale banking method. Contracts were signed with three financial leasing companies and two banks approved by the World Bank, and a total of USD 90 million was disbursed to intermediary institutions.

In 2023, it is planned to continue the evaluation and reporting of the sub-credits of the intermediary institutions and to allocate a total of USD 160 million.

Within the scope of the project, the procurement of consultancy services to support the Environmental, Social and Governance Assessment process is ongoing. Consultancy service job description and potential company list have been prepared. The procurement process is expected to be finalised in the first quarter of 2023.



Asian Infrastructure Investment Bank COVID-19 Project Wholesale Banking Component

An Intermediary Financial Institution (IFI) Agreement was signed with a commercial bank for the USD 30 million APEX loan component of the USD 300 million COVID-19 Project with the Asian Infrastructure Investment Bank, and the entire amount was transferred. The review, approval and reporting processes of the sub-loans extended by the intermediary bank are planned to be completed in the first half of 2023.

Within the scope of the project, the procurement of consultancy services to support the Environmental, Social and Governance Assessment process is ongoing together with the World Bank Emergency Company Support Project. Consultancy service job description and potential company list have been prepared. The procurement process is planned to be completed in the first quarter of 2023.

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An AFC Agreement was signed with a commercial bank for the USD 30 million APEX loan component of the COVID-19 Project with the Asian Infrastructure Investment Bank.

Evaluation of 2022 Activities and 2023 Targets

The RSM Project is a component of the Türkiye Geothermal Development Project.

RSM Project



In 2022, negotiation meetings have been finalised for the top 10 projects with the highest score out of the 14 projects shortlisted in the RSM second round.

The Risk Sharing Mechanism (RSM) is a component of the Türkiye Geothermal Development Project signed by the Development Investment Bank with the World Bank on 30 November 2016. The objective of the project is to contribute to the utilisation of the country's geothermal potential by partially covering the geothermal risks of geothermal energy investors in well drilling activities for resource identification. With the contribution provided from the Clean Technology Fund (CTF) for the project, 40% or 60% of the well expenditures will be paid in case of failure of the wells within the scope. If the wells are successful, the investor will receive a 5% success premium. The coverage rate is 40% for Manisa, Aydın and Denizli provinces, except for some districts, and 60% for the other districts of these provinces and all other provinces.

Within the scope of the project, the programme is introduced, applications of the companies planning to benefit from risk sharing are received and pre-evaluated. Geothermal resource survey reports, business plans, drilling and testing programmes, environmental, social and governance assessment reports and management plans of the selected companies are checked. A workflow is followed in the form of monitoring the projects whose success criteria are determined and contracts are signed during the drilling period, evaluation of drilling and test reports, evaluation according to the success criteria when the well is completed and preparation of the final report. In addition, success premiums are collected for successful projects and risk sharing fees are paid for unsuccessful projects. The Development Investment Bank is responsible for the execution, supervision, and follow-up of all these activities within the scope of the project. Technical support during implementation is provided by the RSM consultant selected through an international tender.

Seven projects were shortlisted in the first round of RSM implementation. Contracts have been signed with three of these projects and field studies for two of the projects have been completed. Within the scope of these projects, drilling, and well testing activities of three geothermal exploration wells were completed and all of the wells were evaluated as unsuccessful according to the predetermined success criteria. A total grant payment of USD 5.05 million was made to the beneficiary from the RSM fund for the unsuccessful wells.

Three projects within the scope of RSM first round implementation were removed from the scope of the programme upon the request of the beneficiaries. The work on the remaining two projects is ongoing. With the approval of the World Bank, it was decided to close the RSM first round implementation as of 31.12.2022 and to continue the two ongoing projects under the RSM second round.

In 2022, negotiation meetings were completed for the first 10 projects with the highest score among the 14 projects shortlisted for the RSM second round. As a result of the negotiation meetings, success criteria were determined for four projects. For two of the four projects for which success criteria were determined, environmental, social and governance management plans and all related documentation preparation works were completed, and World Bank approval was obtained. For the other two projects, the related documentation preparation works are ongoing. Contract signing activities are ongoing for the two projects approved by the World Bank, and two contracts are planned to be signed in the first quarter of 2023. Three projects shortlisted in the second round of RSM were removed from the scope of the programme at the request of the beneficiaries. Permission and licence processes for other projects are ongoing.

In 2022, all RSM reports and environmental-social management plans, periodic monitoring reports, work plans, standardisation of expenditure declaration files, revisions of the user manual and beneficiary agreements were completed according to the lessons learned from the first-round implementation.

In 2023, it is planned to complete four active projects under the RSM second round, and two projects transferred from the first round to the second-round implementation. At the same time, within the RSM budget, it is planned to start work on the opening of the third round of implementation. It is planned to start discussions with the World Bank on the RSM third round implementation in February 2023 and to start receiving RSM third round expression of intent (EOI) applications in March.



Preparation of environmental and social management plans and all related documentation has been completed for two of the four projects for which success criteria were identified.



Evaluation of 2022 Activities and 2023 Targets

It is aimed to increase venture capital investments across the country.

Turkish Development Fund

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One of the strategic objectives of the Development Investment Bank is to diversify financing products for priority sectors with high import dependency, foreign trade deficit, high employment contribution rate and high foreign currency earning potential.

The Development Investment Bank aims to support the development of the country through investments to be realised through the funds established by an experienced team with a command of market dynamics with the Türkiye Development Fund and to contribute to the efficient use of public resources through fund management services offered within the framework of the best practices in the world.

Established under the TDF umbrella fund; Technology and Innovation Fund (TL 475 million), Regional Development Fund (TL 525 million), TKYB Capital Fund (TL 200 million), Development Participation Venture Capital Investment Fund (TL 125 million) established by Development Venture Capital Portföy Yönetimi Anonim Şirketi, With six funds, including the Innovative and Advanced Technologies Participation Venture Capital Investment Fund (TL 235 million) and the Development METU Teknokent Venture Capital Investment Fund (USD 6 million) established in 2022, it is aimed to make direct capital investments in small and medium-sized companies, to channel more private sector resources into this field by increasing venture capital investments throughout the country and to ensure that investments are spread throughout the country.

One of the strategic objectives of the Development Investment Bank for development banking is to diversify financing products for priority sectors with high import dependency, high foreign trade deficit, high contribution to employment and high foreign currency earning potential, as identified in the development plans and programmes of Türkiye.

In addition to the main targets for priority sectors outlined in the 11th Development Plan, specific roles have been defined for the Development Investment Bank in order to facilitate the access of priority sectors to financing and to enable them to make long-term plans. Supporting industrial investments, particularly in priority sectors, and concluding long-term loan agreements with international financial institutions to be used in these sectors are among the tasks defined for the Bank.

With the awareness of this assignment and responsibility, the Bank continues to work for access to resources that will both transform the manufacturing industry and provide production-based growth support. At the same time, the Bank continues to support industrial enterprises and initiatives in priority development sectors with the six funds managed by Development Venture Capital Portföy Yönetimi A.Ş., a wholly owned subsidiary of the Bank.

As a result of the collaborations and resource generation efforts made in this context, strategic collaborations were established by ensuring the participation of the Ministry of Industry and Technology and KOSGEB as investors in the Regional Development Fund and Technology Innovation Fund, which are sub-funds of the TDF, and the size of the Technology and Innovation Fund reached TL 475 million in 2022 with additional commitments provided by KOSGEB. In 2021, the TKYB Capital Fund, established by the Development Investment Bank as the sole investor under the umbrella of the Türkiye Development Fund with a size of TL 200 million, continues its investments.



In 2022, the USD 6 million Development METU Teknokent Venture Capital Investment Fund was established with METU Teknokent Girişim Destek ve Yatırım A.Ş. and the Bank as investors. Innovative and Advanced Technologies Participation Venture Capital Investment Fund, Development Participation Venture Capital Investment Fund and Development METU Teknokent Venture Capital Investment Fund aim to support technology-oriented companies that contribute to the national economy with funds subject to Capital Markets Board (CMB) legislation.

TDF aims to create an investment platform within the framework of the authorisation granted by law, flexibility, independence, and best practices. With the fund, capital, and structured financing investments in different strategies through sub-funds, good relations with the venture capital ecosystem will be established through fund investments and joint investment opportunities will be provided.

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Development METU Teknokent Venture Capital Investment Fund with a size of USD 6 million, in which METU Teknokent Girişim Destek ve Yatırım A.Ş. and the Bank are investors, was established.

Evaluation of 2022 Activities and 2023 Targets

Aim to channel more resources to the real economy and money markets

Investment Banking



Consultancy services to Tarım Kredi Holding A.Ş. for obtaining a bond issuance ceiling amounting to TL 371 million.

Investment Banking provides capital markets advisory, merger and acquisition advisory and financial advisory services.

Within the framework of capital markets advisory activities, consultancy services are provided to companies on the issuance of share certificates, debt instruments, lease certificates and other capital market instruments, and intermediary services are provided for companies to provide additional resources. These issuances contribute to companies in terms of institutionalisation and transparency and pave the way for companies with increased awareness in capital markets to meet different financing alternatives more easily.

Within the framework of alternative financing methods based on borrowing, the Bank provides comprehensive consultancy services in all steps from the decision stage of the companies to the coordination of the process, from the management of sub-advisors, from the management of sub-advisors to the filing of all regulatory agency applications, from the follow-up of marketing and sales processes to the completion of the issuance in all bond and bond issuances, which are frequently used products in Turkish capital markets, and in all lease certificate (sukuk) issuances, which have been increasing rapidly recently.

In 2022, in line with the Bank's goal of transferring more resources to the real economy and money markets through more effective use of capital market instruments:

- Provided advisory services in the sukuk issuance of Tarfin Tarım A.Ş. with a total amount of TL 140 million, of which Tarfin Tarım A.Ş. was the fund user within the issuance ceiling of TL 400 million.
- Acted as the lead brokerage house in the public offering of Obase Bilgisayar ve Danışmanlık A.Ş. with an issue size of TL 147 million.
- Acted as the lead brokerage house in the public offering of Ahlatçı Doğalgaz Dağıtım Enerji ve Yatırım A.Ş. with an issue size of TL 3.48 billion.
- Provided consultancy services to Tarım Kredi Holding A.Ş. for obtaining a bond issuance ceiling amounting to TL 371 million.
- Provided consultancy services to Tarım Kredi Yem A.Ş. for obtaining a bond issuance ceiling amounting to TL 800 million.
- Provided consultancy services to Tarım Kredi Birlik Tarım Ürünleri Hayvancılık Ambalaj Petrol Nakliyat İthalat İhracat Sanayi ve Ticaret A.Ş. for obtaining a bond issuance ceiling amounting to TL 150 million.
- Provided consultancy services to Gübre Fabrikaları T.A.Ş. for obtaining a bond issuance ceiling of TL 3 billion.
- Provided consultancy services to Tarkim Bitki Koruma Sanayi ve Ticaret A.Ş. for obtaining a bond issuance ceiling amounting to TL 100 million.
- Provided consultancy services to Çimsa Çimento Sanayi ve Ticaret A.Ş. for obtaining a sukuk issuance ceiling amounting to TL 2 billion.
- Provided advisory services to Altınmarka Gıda Sanayi ve Ticaret A.Ş. for obtaining a sukuk issuance ceiling of TL 200 million.

The Capital Markets Consultancy Unit continues its projects for public offerings, sukuk and other debt instruments for clients in different sectors.



Within the scope of merger and acquisition advisory activities, in 2022, the Bank continued to work with the aim of providing added value to public institutions and private sector companies that provide services and operate in different sectors within the scope of merger and acquisition advisory regardless of scale. In this context, in addition to private sector clients, financial advisory services are provided to the Republic of Türkiye Ministry of Treasury and Finance Privatisation Administration ("Privatisation Administration") and Türkiye Wealth Fund in the sales processes of companies and assets in their portfolios.

In 2022, the Company worked on eight privatisation tenders within the scope of two separate privatisation projects carried out by the Privatisation Administration. In 2020, preparatory work continued for the privatisation of some cargo and yacht ports belonging to Türkiye Denizcilik İşletmeleri A.Ş. ("TDİ"), one of the two consultancy tenders opened by the Privatisation Administration, and as a result of the work carried out in 2022, one tender process was technically completed, and work continued with the aim of launching the other tender in the first half of 2023. Within the scope of the privatisation of 14 electricity generation plants owned by Elektrik Üretim A.Ş., which is another project carried out by the Privatisation Administration and in which the Bank acts as an advisor, the tenders of two power plants were technically completed. Work with the Privatisation Administration will continue in 2023.

In 2023, the Bank will continue to serve as a financial advisor in the service procurement process for the licences of TWF to organise horse races and accept bets on horse races held by TWF in Türkiye and abroad.

In December 2021, within the framework of the agreements signed for the sale of a privately owned company operating in the field of renewable energy and having facilities with the potential to reach a total installed capacity of 55 MW, which will be

subject to the Renewable Energy Resources Support Mechanism (YEKDEM), the transfer transactions were completed in the first quarter of 2022.

In addition to the projects mentioned above, the Development Investment Bank continued to provide advisory services in eight merger and acquisition transactions in 2022. Efforts are underway to complete these projects in 2023.

In addition to privatisation projects, the Bank's M&A Advisory Team has been authorised by private sector companies and public capital companies operating in many different sectors such as energy, technology, automotive, food, chemicals, food, packaging, retail, and manufacturing industry as well as privatisation projects. It continues to work for the successful completion of these projects.

Within the scope of its financial advisory activities, the Bank provides "financial restructuring advisory," "financial feasibility advisory," "company valuation," "structured and project financing advisory" services and stands by companies and investors.

In this context, the Bank also provides valuation and financial feasibility consultancy services to public and private sector companies regardless of sector. In 2022, the Bank prepared valuation, feasibility and current situation reports as annexes to investment incentive certificate applications for companies operating in the chemical, defence, agriculture, health, energy and food sectors, and these reports shed light on the achievement of investors' strategic goals.

In 2023, the Bank will continue to provide consultancy services in the field of financial feasibility preparation of new investments that will be in line with the growth strategies of its customers and in the field of company valuation and financial restructuring to companies in financial bottlenecks.

Evaluation of 2022 Activities and 2023 Targets

Suitable derivative transaction opportunities in line with the needs of customers

Treasury and Capital Market Operations

In 2022, developments in the markets were closely monitored by the Bank; interest rate, foreign currency and liquidity risk management was carried out effectively and TL and foreign currency assets were carried out within the limits and policies determined.

In 2022, the agenda of financial markets was dominated by inflationary pressures and geopolitical risks following the COVID-19 pandemic. The expansionary policies pursued to support economies during the pandemic, together with the unresolved problems in the supply chain and the deteriorating impact of the Russia-Ukraine war on commodity prices, led to high levels of inflation worldwide. Throughout the year, central banks, particularly the US Federal Reserve, tightened their monetary policies to combat inflation and gradually raised policy interest rates. The Central Bank of the Republic of Türkiye started to gradually reduce its policy rate, which was 14% at the beginning of 2022, in the second half of the year and set the policy rate at 9% by the end of the year. Similar to global markets, inflation in Türkiye also increased significantly during the year, peaking at 85% on an annual basis and reaching 64.27% at the end of the year. In 2022, the Bank closely monitored the developments in the markets; interest rate, foreign exchange and liquidity risk management was carried out effectively and Turkish Lira and foreign currency assets were managed within the limits and policies determined. In 2023, the Bank's liquidity will continue to be managed by using the existing Capital and Money Markets instruments, and appropriate derivative transaction opportunities will be provided in line with the needs of our customers. Balance sheet items managed by the Treasury Department are given in the table below.

Assets Managed by Treasury Department ^(*) (TL Thousand) (Unconsolidated)	2021			2022		
	TL	FX	Total	TL	FX	Total
Cash and Cash Equivalents						
Cash and Cash Equivalents and Central Bank	2,051	-	2,051	835	-	835
Banks	2,950,096	328,579	3,278,675	7,771,783	986,195	8,757,978
Receivables from Money Markets	993,282	-	993,282	6,634,417	-	6,634,417
Financial Assets at Fair Value Through Profit or Loss						
Government Debt Securities	-	-	-	-	-	-
Other Financial Assets	7,124	-	7,124	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income						
Government Debt Securities	959,627	1,720,811	2,680,438	2,346,094	3,580,286	5,926,380
Other Financial Assets	10,000	1,225,784	1,235,784	1,116,575	1,586,814	2,703,389
Derivative Financial Assets	365	-	365	31,094	-	31,094
Financial Assets Measured at Amortised Cost						
Government Debt Securities	163,990	2,848,402	3,012,392	3,564,936	3,997,287	7,562,223

* Represents items managed by the Treasury Department and excludes strategic shares and provisions.

Evaluation of 2022 Activities and 2023 Targets

Assets Managed by Treasury Department ^(*) (TL Thousand) (Consolidated)	2021			2022		
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Management of TL Assets

The Turkish Lira assets managed by the Treasury Unit were utilised with the most appropriate financial instruments in line with the changes in the yield curve and expectations in interest rates throughout 2022, considering the changes in the yield curve and expectations in interest rates, and considering the legislative regulations; within this framework, the return opportunities in the swap markets were also utilised. In the securities markets, in line with the change in the yield curve during the period and the expectations in the interest rate level, preferences were made among variable and fixed income securities, and return levels at the level of expectations were achieved within the framework of the determined risk policies.

As of 31 December 2022, TL 7.8 billion was placed with banks, TL 6.6 billion with money markets, TL 5.9 billion in government debt securities and TL 1.1 billion in other financial assets portfolio.

Management of Foreign Currency Assets

In 2022, during the exchange rate volatility experienced in 2022, the income statement was protected from the related volatility by keeping the foreign currency position at levels close to zero in accordance with the risk management principles. In addition, the domestic FX swap market was used effectively during the year for both liquidity management and yield generation purposes.

As of 31 December 2022, approximately TL 1 billion of foreign currency was placed with banks, TL 7.6 billion of foreign currency was held in the government debt securities portfolio and TL 1.6 billion of foreign currency was held in the other financial assets portfolio. The most important reason for the increase in the foreign currency portfolio during the year was the exchange rate movements.



Subsidiaries

The total size of the funds in iVCi’s portfolio is approximately EUR 1.8 billion.

Türkiye Kalkınma ve Yatırım Bankası A.Ş. Domestic Partnerships

Name of the Company	Registered - Issued Capital	Bank's Participation Rate	Bank's Participation Share
(Due to Bankruptcy) Arıcak Turizm ve Ticaret A.Ş. in Liquidation	TL 1,250,000.00	99.71%	TL 1,246,400.00
T.H. Kalkınma Yatırım Menkul Değerler A.Ş.	TL 5,000,000.00	100%	TL 5,000,000.00
MAKSAN Malatya Makina A.Ş.	TL 1,525,200.00	31.14%	TL 474,956.18
Takasbank İstanbul Takas ve Saklama Bankası A.Ş.	TL 600,000,000.00	0.36%	TL 2,179,154.07
JCR Avrasya Derecelendirme A.Ş.	TL 30,000,000.00	2.86%	TL 856,770.00
Birleşik İpotek Finansmanı A.Ş.	TL 50,000,000.00	8.33%	TL 4,166,665.00
Kalkınma Yatırım Varlık Kiralama A.Ş.	TL 50,000.00	100%	TL 50,000.00
Kalkınma Girişim Sermayesi Portföy Yönetimi A.Ş.	TL 4,000,000.00	100%	TL 4,000,000.00

Türkiye Kalkınma ve Yatırım Bankası A.Ş. Foreign Subsidiaries

Name of the Company	Registered Issued Capital	Bank's Participation Rate	Bank's Participation Share
TII-iVCi Istanbul Venture Capital Initiative	EUR 45,451,871.776	6.25%	EUR 2,840,741.986

Within the framework of Article 49 of the Banking Law, the subsidiaries under the direct control of Kalkınma Yatırım Menkul Değerler A.Ş. (Due to Bankruptcy), Arıcak Turizm ve Ticaret A.Ş., Kalkınma Yatırım Varlık Kiralama A.Ş. and Kalkınma Girişim Sermayesi Portföy Yönetimi A.Ş. are in liquidation.

Kalkınma Girişim Sermayesi Portföy Yönetimi A.Ş., a wholly owned subsidiary of the Bank, increased its issued capital to TL 4,000,000 by making a bonus issue of TL 1,000,000.00 from internal resources in 2022.

TII (Turkish Investment Initiative)-iVCi Istanbul Venture Capital Initiative

The Turkish Investment Initiative (TII), which was established in Luxembourg under the leadership of the European Investment Fund (EIF), a partner of the European Investment Bank and the European Commission, to which the Development Investment Bank made an investment commitment in 2007, operates two sub-funds under the Luxembourg legislation.

The Istanbul Venture Capital Initiative (iVCi), the first sub-fund of TII, has a total capital of EUR 160 million, of which the European Investment Fund holds EUR 50 million, the Technology Development Foundation of Türkiye EUR 40 million, KOSGEB EUR 50 million, Development Investment Bank EUR 10 million, Garanti Bank EUR 5 million and National Bank of Greece Group EUR 5 million.

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In 2022, Kalkınma Girişim Sermayesi Portföy Yönetimi A.Ş. increased its issued capital to TL 4,000,000 by making a bonus issue of TL 1,000,000.00 from internal resources.

Development Investment Bank is represented on the Board of Directors of TII, a top fund that will provide support to selected Turkish venture capital funds, the ultimate beneficiaries of which are companies in Türkiye, and has an observer member on the iVCi Investment Committee.

The total size of the funds in iVCi’s portfolio, in which iVCi invests in different proportions, is approximately EUR 1.8 billion. Through these funds, investments were made in 79 companies in different sectors. In addition to one co-investment fund of iVCi, whose investment period ended in 2022, TII- iVCi invested in 9 sub-funds.

With the Material Event Disclosure made by Kalkınma Yatırım Bankası on 19 March 2013, it was announced that since the Bank has no subsidiaries subject to consolidation within the framework of the provisions of the Turkish Accounting Standards regarding the preparation of consolidated financial statements, consolidated financial statements will not be prepared for the December 2012 accounting period and subsequent periods, and a second Material Event Disclosure will be made in case of an obligation to prepare consolidated financial statements.

Due to the establishment of Kalkınma Yatırım Varlık Kiralama A.Ş. and Kalkınma Girişim Sermayesi Portföy Yönetimi A.Ş., which were established in 2020 and have the status of financial institutions in which the Bank owns 100% of the shares, consolidated financial statements have started to be prepared by Kalkınma Yatırım Bankası for the first time as of the December 2020 accounting period.



Information Technologies

Development Investment Bank continued its corporate architecture studies in 2022.

In 2022, changes were made in the Information Technologies organisation, teams suitable for agile working were formed, and the IT process framework was revised by considering consolidation and improvements.

Within the scope of this work, integrated project management, change management and supply management processes have been redesigned in a way to achieve the best working efficiency suitable for the Bank. The project management process was designed based on PMI-based traditional waterfall and agile methodologies. In this way, processes that support both approaches can be run according to the characteristics of the project demands and flexibility can be provided.

Enterprise Architecture and Project Management

In this context, various globally accepted architectural models and frameworks were examined in detail, and the most appropriate TOGAF-based corporate architecture framework for the Bank was decided upon, and efforts to adapt to this framework were initiated.

Demand management of all units through digital channels was extended by increasing the processes on the incident, problem and service management system, and automation and SLA-based measurements continued in call management processes by increasing integrations with supplier call systems.

In 2022, corporate business processes were carried to a point where all Bank processes could be analysed under a single and central architectural model with an activity-based end-to-end design approach (current situation analysis, gap analysis and target situation design). This structure has enabled centralised observation of roles and responsibilities and transitions between functions, facilitated the identification of dependencies, enabled rapid implementation and commissioning of improvement designs, and reduced the need for lengthy and repeated business analyses for automation opportunities.

Process mining solutions that support the collection, processing and interpretation of real process data and process performance reporting for the discovery, analysis and improvement of business processes and the identification of automation opportunities were examined and the procurement process was initiated.

Process mining will be used for strategies to increase efficiency, such as visualising how many different forms and variants the Bank's business processes take, monitoring the losses experienced in the steps in the process (cost, time, etc.), determining the percentage of automation in the functioning of the processes and the differences and compatibilities between the designed ideal process and the actual process.

In 2022, robotic process automation (RPA) was commissioned to automate routine tasks performed by employees, which are highly repetitive, and these tasks started to be performed using software robots. This will shorten the Bank's time to realise value, reduce human errors, increase efficiency, and enable business units to focus on their core value-generating activities.

In 2022, IT software development projects were completed for the integration of asset liability management, risk management and treasury management systems, customer derivative transactions, tax module, SOFR harmonisation, integration of documented and undocumented export credits. In addition to these projects, online demand collection and evaluation infrastructures that can offer domestic and international funds to the Bank's customers through the web channel in a fast, secure, and uninterrupted manner have been completed, and the Kayist platform, where companies that meet the application conditions within the grant infrastructure can apply online, and administrative control and compliance platforms have been completed.

With its modular and functional infrastructure and organisation, the Bank carries out projects that ensure continuous improvement in digitalisation, quality, efficiency, and customer satisfaction within the framework of corporate architecture principles in order to achieve strategic goals and carry out its activities.

Within the scope of the ongoing main banking transformation project (SKY), ERP modules have been started to be parallelised, and the loans and treasury modules will be parallelised and integrated commissioning will be carried out.

The necessary legal arrangements were fulfilled by carrying out compliance studies with the "Regulation on Information Systems of Banks and Electronic Banking" published by the BRSA.

Compliance with the Information and Communication Security Guidelines prepared by the Digital Transformation Office of the Presidency of the Republic of Türkiye was completed.

In 2023, the Bank aims to complete the development of modules to carry out electronic lien, pledge cancellation and collateral transactions, to perform interest-free banking transactions in the main banking system by integrating the RRS, and to develop a foreign trade module to carry out import/export transactions.

The rating project to determine and model rating criteria for corporate, SME, financial institutions and project finance, the integration project of supplier finance products with the main banking system, the treasury central call centre, remote customer acquisition, KPI-based performance measurement, treasury profitability, system infrastructure and monitoring of applications projects will be implemented.

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Compliance with the Information and Communication Security Guidelines prepared by the Digital Transformation Office of the Presidency of the Republic of Türkiye was completed.



Information Technologies

All elements related to information technologies are up-to-date, secure and efficient

System and Infrastructure

Kalkınma Yatırım Bankası continued its ongoing digital transformation efforts with the private cloud project completed in 2022. The new information systems regulation of the BRSA, which was published in March 2020 and the relevant provisions of which entered into force at the beginning of 2021, allowed banks to use private clouds and community clouds under certain conditions. The Bank seized this important change in legislation as an opportunity and rapidly initiated efforts to design its new information systems architecture on a cloud basis and took its place among the leading institutions implementing private cloud in the digitalisation race that continues rapidly across the entire sector. Regulatory organisations and technological trends are closely monitored and opportunities for other types of cloud technologies are evaluated.

Private cloud, which has many advantages such as cost, operational efficiency, scalability, high accessibility and most importantly, being at the centre of the global technological trend, was used for the first time in the sector. The risks related to this comprehensive transformation were assessed and managed by the Bank with a holistic perspective and with the active participation of non-IT stakeholders. Throughout 2022, the project, on which intensive work was carried out, was completed, and started to be used during the year.

With this project, the Bank modernised the technological infrastructure of its primary data centre and disaster data centres and started to operate in data centres with international standards. The new primary centre, which has TIER IV, the highest certification given by the Uptime Institute, has been certified to offer the highest level of accessibility, security, and durability.

In 2022, the Bank’s information technology infrastructure was renewed in all areas such as location, capacity, technological direction, architecture, and security. With the project, all systems were switched to a redundant and active-active structure. Bank IPs were replaced with operator-independent RIPE IPs, ensuring high accessibility.

While security threats continue to spread and grow on a global scale, the Bank has maintained its security-oriented approach in information technologies. New security solutions continued to be implemented in 2022 as the legislation was updated in parallel with the threats. In this context, SSL encryption solution was commissioned and started to be used.

The dissemination of open-source systems, which have many advantages such as low cost, reduced supplier dependency, integrated management, and high quality, continued, and monitoring, reporting and visualisation activities of the IT platform were provided with open-source systems.

Based on the principle that all elements of information technologies should be up-to-date, secure, and efficient, version upgrade projects and technology renewal activities were emphasised in 2022. E-mail systems were switched to the latest versions. User computers were renewed, and operating systems and office applications were upgraded to the latest versions.

In 2023, new security solutions will continue to be implemented and segmentation, firewall and load balancer solutions will be expanded. The Bank will upgrade the technology in the main backbones of its corporate network and renew the network access control system.

Emphasis will be placed on virtualisation technologies and desktop virtualisation solutions will be put into use.

In 2023, it is also aimed to strengthen the Disaster Recovery Centre and transition to an active-active architecture with the primary data centre.

Application Development

In the operating period, the Bank continued to develop new open source, microservice modular core banking applications that will enable business processes to be realised on IT platforms in an end-to-end integrated manner with minimal intervention.

Centralised reporting and infrastructure fed from all data sources of the Bank, business intelligence and reporting applications continued to be expanded, interactive and dynamic decision support reports were increased and updated by 370% in 2022, ensuring effective monitoring and reporting, and data warehousing efforts to improve data quality continued.

Interactive decision support reports on the Bank’s BI portal were also accessible from mobile devices, and activities to increase the effectiveness of teams in business processes continued.

Within the scope of secure software development, OWASP standards continued to be implemented, test process automation activities were carried out, and automation was achieved in the test steps of the software development life cycle, resulting in resource savings, efficiency and quality improvement in test and quality processes.

Within the scope of efforts to improve the quality and assurance process in the application development life cycle, Selenium test automation continued to be extended to all test processes.

New core banking applications were run on Kubernetes infrastructure, and the use of scalable, high-performance, flexible, secure, and low-cost container architectures was expanded.

New core banking Sky application development and migration processes were automated end-to-end, and efficient and high-performance deployment processes were created on Docker technologies.

A mobile intranet application was created to strengthen internal communication among the Bank’s employees, enabling them to share social posts, send thank you and support messages based on cultural values, and access announcements, surveys, and internal documents.

The Bank’s rating model was renewed with a new IFRS-compliant rating model that provides quantitative, qualitative, warning signals and expert opinions for corporate/SME, project loans and financial institutions.

The development of the derivatives module, which includes forward/swap transactions, execution of risk, limit, collateral, difference processes, transaction valuations and taxation functions through the new main banking Sky platform, was completed.

In 2023, Development Investment Bank will continue its digital transformation and offer innovative services to its customers through mobile and online channels. The Bank will follow the legislative regulations on digital merchant/corporate customer acquisition and will continue its digitalisation and process automation efforts by establishing the necessary infrastructures.

R&D and POC activities will be carried out to improve the use of artificial intelligence in existing applications and processes. Artificial intelligence studies will be carried out in application areas such as reporting and business analytics, data interpretation, legal compliance, fraud detection.

Open source and open banking studies will be emphasised, microservice architecture will be made widespread, efficiency and productivity in corporate processes will be increased by utilising artificial intelligence supported systems, and innovative solutions will be offered.

Efforts will continue to establish a software development framework that offers error-free and fast application development based on agile, fast, low code approach.

Efforts will be made to create new insights by analysing big data to be generated from platforms such as the Bank’s corporate website, application portals, social media, main banking, etc., and to use advanced analytical techniques such as artificial intelligence supported text analytics, machine learning, predictive analytics, data mining, statistics, and natural language processing.

“Interactive and dynamic decision support reports were increased and updated by 370% in 2022, ensuring effective monitoring and reporting.”



Technical Assistance, Research and Development Activities

Development Investment Bank continues to provide support to private sector geothermal investments.

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In 2022, the Risk Sharing Mechanism (RSM) first and second round implementation activities continued.

In order to increase the geothermal investments of the private sector, a grant project under the Geothermal Development Project is being implemented by the Bank with a resource of USD 39.8 million obtained from the Clean Technology Fund (CTF) through the World Bank. With this project, it is aimed to partially cover the costs of geothermal investors in case of failure of the wells to be drilled for resource exploration.

In 2022, the Risk Sharing Mechanism (RSM) first and second round implementation activities continued. Within the scope of the first-round implementation, three contracts were signed, and three geothermal exploration drilling and well testing activities were carried out within the scope of two signed contracts.

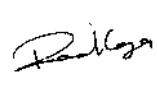
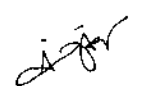
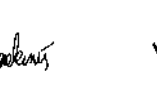
Within the scope of the RSM second round application, a total of 18 geothermal development project applications were received and 14 projects were shortlisted after their evaluations were completed. Negotiations for the first 10 shortlisted projects were completed and the environmental, social and governance documentation of the first two projects were approved by the World Bank.



Annual Report Statement of Responsibility

The Bank’s Consolidated Annual Report for the year 2022, including the Consolidated and Non-Consolidated Independent Audit Report for the period 31.12.2022, prepared in accordance with the “Regulation on the Procedures and Principles Regarding the Preparation and Publication of the Annual Report by Banks” published by the Banking Regulation and Supervision Agency and the “Communiqué on the Principles of Financial Reporting in Capital Markets (II-14.1)” of the Capital Markets Board, has been examined within the framework of the information we have in our Bank’s duties and responsibilities, does not contain any misstatements or omissions on important issues, and honestly and accurately reflects our Bank’s financial position, operating results, together with the risks and uncertainties it faces.

Pursuant to the decision of the Capital Markets Board dated 10.01.2019 and numbered 2/49, the Corporate Governance Compliance Reporting made in accordance with the Corporate Governance Communiqué No. II-17.1 will be made through KAP using the Corporate Governance Compliance Report (URF) and Corporate Governance Information Form (KYBF) templates. The 2022 URF and KYBF Reports have been examined within the framework of the information we have within the scope of our duties and responsibilities in our Bank and do not contain any misstatements or omissions on important issues. The relevant reports can be accessed at <https://www.kap.org.tr/tr/sirket-bilgileri/ozet/2426-turkiye-kalkinma-ve-yatirim-bankasi-a-s>.

							
Dr. Raci Kaya Chairman of the Board of Directors	İbrahim H. Öztop General Manager and Board Member	Turgay Geçer Chairman of the Audit Committee	Erdal Erdem Deputy Chairman of the Audit Committee	Salim Can Karaşıklı Member of Audit Committee	Ömer Karademir Member of Audit Committee	N. Yasin Külahçı Executive Vice President in Charge of Financial Reporting	Dr. Metin Çınar Head of Subsidiaries and Corporate Relations Department



Annual Report Conformity Opinion



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INDEPENDENT AUDITOR’S REPORT ON THE ANNUAL REPORT OF THE BOARD OF DIRECTORS

To the General Assembly of Türkiye Kalkınma ve Yatırım Bankası Anonim Şirketi

Opinion

Since we have audited the full set of consolidated and unconsolidated financial statements of Türkiye Kalkınma ve Yatırım Bankası Anonim Şirketi (“the Bank”) for the period 1 January 2022 - 31 December 2022, we have also audited the annual report for this period.

In our opinion, the consolidated and unconsolidated financial information included in the annual report of the Board of Directors and the analysis made by the Board of Directors on the Bank’s position using the information included in the audited consolidated and unconsolidated financial statements are consistent, in all material respects, with the audited consolidated and unconsolidated financial statements and the information obtained during the audit and presented fairly, in all material respects.

Basis for Opinion

We conducted our audit in accordance with the “Regulation on Independent Audit of Banks” (“BRSA Audit Regulation”) published by the Banking Regulation and Supervision Agency (“BRSA”) in the Official Gazette dated 2 April 2015 and numbered 29314 and Standards on Auditing which is a component of the Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority (“POA”). Our responsibilities under these standards are described in detail in the Independent Auditor’s Responsibilities for the Independent Audit of the Annual Report section of our report. We declare that we are independent of the Bank in accordance with the Code of Ethics for Independent Auditors (Including Independence Standards) (“Code of Ethics”) published by POA and the ethical requirements in the regulations issued by POA that are relevant to audit. We have fulfilled our other ethical responsibilities in accordance with the Code of Ethics and regulations. We believe that the audit evidence we have obtained during our audit is sufficient and appropriate to provide a basis for our opinion.

Our Auditor’s Opinion on the Full Set Consolidated and Unconsolidated Financial Statements

We have expressed an unqualified opinion in our auditor’s report dated 9 February 2023 on the Bank’s consolidated and unconsolidated financial statements for the period 1 January 2022 - 31 December 2022.

Responsibility of the Board of Directors on the Annual Report.

In accordance with Articles 514 and 516 of the Turkish Commercial Code No. 6102 (“TCC”) and the “Regulation on the Principles and Procedures for the Preparation and Publication of the Annual Report of Banks” published in the Official Gazette No. 26333 dated 1 November 2006 (“Regulation”), the Bank management is responsible for the following in relation to the annual report:

a) Prepares the annual report within the first three months following the balance sheet date and submits it to the general assembly.

b) Prepares the annual report in a way to reflect the flow of the Bank’s activities for that year and the consolidated and unconsolidated financial position of the Bank in all aspects accurately, completely, straightforwardly, truthfully, and honestly. In this report, the financial position is evaluated according to the consolidated and unconsolidated financial statements. The report also clearly indicates the development of the Bank and the possible risks that the Bank may face. The assessment of the board of directors on these issues is also included in the report.

c) The annual report also includes the following matters:

- Events that occurred in the Bank after the end of the operating year and that are of special importance,
- The Bank’s research and development activities,
- Financial benefits such as salaries, premiums, bonuses, allowances, travelling, accommodation and representation expenses, in-kind and cash benefits, insurances and similar guarantees paid to board members and senior executives.

While preparing the annual report, the board of directors also takes into consideration the secondary legislation regulations of the Ministry of Trade and related institutions.

Independent Auditor’s Responsibility for the Independent Audit of the Annual Report

Our aim is to express an opinion on whether the consolidated and unconsolidated financial information provided in the annual report and the analyses made by the Board of Directors on the Bank’s position by using the information provided in the audited consolidated and unconsolidated financial statements are consistent with the audited consolidated and unconsolidated financial statements of the Bank and the information obtained during the independent audit and presented fairly, and to prepare a report including our opinion.

We conducted our audit in accordance with the BRSA Auditing Regulation and InAS. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance on whether the consolidated and unconsolidated financial information in the annual report and the Board of Directors’ assessment of the Bank’s position using the information included in the audited consolidated and unconsolidated financial statements are consistent with the consolidated and unconsolidated financial statements and the information obtained during the audit and provide fair presentation.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi



Orhan Akova, SMMM
Auditor in Charge
27 February 2023 İstanbul, Türkiye



Sustainability and Environmental Social Impact Management Activities

Leading position in Türkiye with ESG risk rating of 11.0

Since its establishment, the Development Investment Bank has been supporting the sustainable development of Türkiye and has set its targets to increase its impact in this area.

The Bank shapes its sustainability approach on the basis of two strategic goals: "Supporting Sustainable Development" and "Responsible Banking Approach." While the Bank supports the sustainable development of our country with its financing and consultancy services, it also considers sustainability as a corporate responsibility and goal in line with its responsible banking approach. With this understanding, the Bank has integrated its sustainability strategy into all banking operations.

Issues related to sustainability are embraced at the Bank's senior management level, and senior management leads the developments in this area. Established in 2020, the Sustainability Committee is chaired by the General Manager, and an independent member of the Board of Directors is also included in order to carry out the steering and oversight duties more effectively.

In 2015, the Bank adopted the "Sustainable Development Goals" established by the United Nations, which includes 17 goals, as a guideline and contributes directly or indirectly to 15 of the Sustainable Development Goals with its role supporting sustainable development and responsible banking approach.

The Bank's activities in the fields of sustainability and environmental and social risk management, which were carried out by different units, started to be carried out by the Sustainability and Environmental Social Impact Management Unit, which was established in July 2021 in order to provide a separate and unique structure within the framework of a business model that is in line with the development banking mission and increases efficiency.

Environmental, social and governance elements have gained a dynamic and efficient role thanks to the new organisational structure.

The Bank published its first integrated report in 2021. With this report, the Bank has presented its support for the sustainable development of our country for 48 years, its value creation model, strategy, capital elements, targets, the economic, environmental, social and governance value created by its banking activities and its performance in these areas to all its stakeholders. The report is based on the Global Reporting Initiative (GRI) Standards as well as the International Integrated Reporting Framework conducted by the Value Reporting Foundation.

In addition to the measures taken to manage direct environmental, social and governance risks arising from its operational activities, the Bank also assesses indirect risks arising from its lending activities. The Bank conducts environmental, social and governance risk assessments as part of routine decision-making processes in all credit applications and analyses the risks of both customers and projects separately. Beyond its risk-based approach, the Bank also prioritises activities that can have a positive impact.

These analyses are of great importance for the Bank in order to minimise the risks related to reputational, environmental, social and governance liabilities through the loans granted. Within this framework, all lending activities are assessed in accordance with national, environmental, social and governance laws and regulations, the Bank's own policies and procedures and, where necessary, other environmental, social and governance standards with which the Bank is committed to comply. The Bank's approach was approved by the Board of Directors and the "Environmental and Social Policy" and "Environmental and Social Risk Assessment Procedure" were published in 2020.



“As a result of the evaluation of approximately 15 thousand institutions around the world by the international ESG rating agency Sustainalytics, the Bank was included in the ‘ESG Industry Top Rated’ and ‘ESG Regional Top Rated’ categories of the Most Admired ESG Companies List and was entitled to use these titles in 2023.

The Bank has positioned itself among the leading institutions in Türkiye with a risk rating of 11.0 in the risk rating of Sustainalytics, an international sustainability rating agency, which evaluates Environmental, Social and Governance (ESG) topics.

In 2022, the Bank's Sustainable Financing Framework was published. A Second Party Opinion (SPO) was obtained for the framework, which is in line with the ICMA (International Capital Markets Association) Green Bond Principles, ICMA Social Bond Principles, LMA Green Loan Principles and LMA (Loan Market Association) Social Loan Principles.

In 2022, the Bank continued its efforts to raise the awareness of its employees on sustainability. In 2022, 326 employees received a total of 502 hours of training on sustainability.

With the ISO 14001 Environmental Management System established in 2010 to manage the environmental impacts arising from its activities, the Bank carries out the necessary activities to identify and reduce negative environmental impacts, increase positive environmental impacts, reduce resource use, and monitor its performance.

In 2020, in order to further improve the coverage of the management system, the necessary work was initiated to transition to an integrated management system, including ISO 9001 Quality Management System, 45001 Occupational Health and Safety Management System and ISO 14001 Environmental Management System. In 2021, ISO 9001 and ISO 45001 certificates were also obtained. In line with these efforts, the Bank established the Quality, Environment, Occupational Health, and Safety Policy and presented it to all stakeholders.

“While the Bank supports the sustainable development of our country with its financing and consultancy services, it also considers sustainability as a corporate responsibility and goal in line with its responsible banking approach.

Sustainability and Environmental Social Impact Management Activities

502 hours of sustainability training for 326 employees

In 2020, in addition to the two memorial forests in Ankara, a new memorial forest was established in Istanbul. With a total of 20 thousand trees in three commemorative forests, approximately 435 tonnes of carbon dioxide emissions are prevented annually.

The Bank monitors and calculates greenhouse gas emissions arising from its operational activities, verifies them in accordance with TS EN ISO 14064 Standard and neutralises them in accordance with international standards.

Since 2016, the Bank has been reporting to the Climate Change Programme of the Carbon Disclosure Project (CDP), the world's largest environmental reporting platform, and achieved a B (management level) score in 2022. In this report, the Bank evaluated its risks and opportunities related to climate change and voluntarily responded to questions on strategy, governance, emission metrics, targets, performance, and value chain interaction.

The Bank participates in national and global sustainability efforts through national and international collaborations. In 2019, the Bank became a founding signatory of the UNEP-FI (United Nations Environment Programme-Finance Initiative) Responsible Banking Principles and continued its efforts to fulfil the requirements of the principles in 2022. The Bank also participates in UNEP FI Working Groups.

In order to measure the intersection of the Bank's loan portfolio with the Sustainable Development Goals, the Bank has made it an integral part of the loan evaluation processes to evaluate the projects in its portfolio in terms of their contribution to the SDGs. These studies continued in 2022 as well.



The Bank adopts the United Nations “Sustainable Development Goals” as a guide and contributes directly and indirectly to 15 of the Sustainable Development Goals with its role supporting sustainable development and responsible banking approach.

Memberships and Collaborations

Financing investments in climate change prevention and adaptation

Considering impact management systems as a reference point that can be continuously improved from an international perspective and where good practices are taken as examples, the Development Investment Bank became the first and only institution in Türkiye to sign the Impact Management Working Principles led by the International Finance Cooperation (IFC) in 2021.

The Bank is a member of the Global Impact Investing Network (GIIN), a leading organisation working to promote impact investing. As a member of GIIN, the Bank aims to provide companies, organisations, and funds with financial, social, and environmental gains through impact investments.

In 2019, the Bank became a founding signatory of the “Principles for Responsible Banking” established by the United Nations Environment Programme-Finance Initiative (UNEP FI). In 2022, the Bank continues its efforts to fulfil the requirements of the principles at national and global level through national and international collaborations and sustainability efforts. The Bank also takes part in UNEP FI Working Groups.

The Bank is a signatory to the UN Global Compact. In 2022, the Bank conducted the UN Global Compact Communication on Progress on the online platform.

The Bank is a member of the Business Council for Sustainable Development (BCSD Türkiye), the regional network and business partner of the World Business Council for Sustainable Development (WBCSD) in Türkiye.

With its transition to integrated reporting, the Bank became a member of the Integrated Reporting Türkiye Network (ERTA) in 2021.

In 2021, the Bank signed a protocol with Istanbul Technical University to cooperate in the field of sustainability and started a project on climate change prevention within the scope of the protocol.

The Bank's Environmental and Social Management System will become more innovative and dynamic thanks to the consultancy (technical assistance) received under the grant agreement signed with KfW for Technical Assistance services.

The Bank participated in the 27th Conference of the Parties (COP27) of the United Nations Framework Convention on Climate Change held in Sharm el-Sheikh, Egypt on 6-18 November 2022 and held the necessary consultation meetings on the provision of resources to our country for financing climate change prevention and adaptation investments.



The Development Investment Bank participated in the 27th Conference of the Parties to the United Nations Framework Convention on Climate Change and negotiated on the provision of resources for financing climate change prevention and adaptation investments.

Board of Directors



Dr. Raci Kaya

Chairman of the Board of Directors

Mr. Kaya was born in 1967 in Ankara. Dr. Raci Kaya graduated from Middle East Technical University, Faculty of Economics and Administrative Sciences, Department of Public Administration in 1989, received his master's degree in economics from Hacettepe University, Faculty of Economics and Administrative Sciences (1996), and completed his PhD at Marmara University, Institute of Banking, and Insurance (2013). Dr. Raci Kaya worked in various banks between 1990 and 2007. He served as Deputy General Manager at Aktif Yatırım Bankası A.Ş. between 2007-2014, Deputy General Manager at Ziraat Katılım Bankası A.Ş. between 2015-2016, and Deputy Undersecretary and Assistant Undersecretary at the Ministry of Treasury and Finance between 2016-2018. He served as the Chairman of the Board of Directors of Vakıfbank between 2018-2019, as a member of the Board of Directors of Eximbank between 2016-2018 and as the Executive Director of the IMF between November 2018 and November 2020. Dr. Raci Kaya, who has been serving as the Deputy Undersecretary of the Ministry of Treasury and Finance since December 2016, was elected as the Chairman of the Board of Directors of Türkiye Kalkınma ve Yatırım Bankası A.Ş. in November 2020.



Ömer Karademir

Deputy Chairman of the Board of Directors

Member of the Audit Committee

Mr. Karademir was born in 1982 in Malatya. Mr. Karademir completed his primary, secondary and high school education in Malatya and graduated from Middle East Technical University, Faculty of Economics and Administrative Sciences, Department of Economics in 2006. In 2015, he completed his master's degree in public administration at Carnegie Mellon University. In 2006, he started working as an assistant specialist at the Undersecretariat of Treasury, General Directorate of Foreign Economic Relations. Since 2009, he has worked as an expert in various units in the General Directorate of Public Finance and served as the Head of Department between 2017-2020. Between 2020-2021, he was appointed as Deputy General Manager of Public Finance at the Ministry of Treasury and Finance. In 2021-2022, he served as a member of the Board of Directors of the General Directorate of State Supply Office. In December 2021, he was appointed as the Acting Director General of Public Finance of the Ministry of Treasury and Finance. As of 2022, he has been serving as a member of the Board of Directors of the General Directorate of Türkiye Kalkınma ve Yatırım Bankası A.Ş.



İbrahim Halil Öztop

General Manager and Member of the Board of Directors

Mr. Öztop was born in 1969 in Şanlıurfa. He graduated from Middle East Technical University, Faculty of Engineering, Department of Industrial Engineering in 1991 and received his master's degree in business administration from Bilkent University.

He has held senior positions in the investment banking sector at Türkiye Sınai Kalkınma Bankası A.Ş., Körfezbank A.Ş. and Garanti Yatırım Menkul Kıymetler A.Ş.

Mr. Öztop was appointed as Board Member and General Manager of Development Investment Bank in August 2018, and is a member of the Executive Committee of KOSGEB and a member of the Board of Directors of TII - Turkish Investment Initiative. As of October 2021, he was elected as the Chairman of the Board of Directors of the Turkish Capital Markets Association. Since February 2021, Mr. Öztop has been serving as Deputy Chairman of the Board of Directors at Merkezi Kayıt Kuruluşu and Chairman of the Board of Directors at Kalkınma Girişim Sermaye Portföy Yönetim A.Ş.



Salim Can Karaşıklı

External Member of the Board of Directors

Deputy Chairman of the Corporate Governance Committee

Chairman of the Remuneration Committee

Member of the Audit Committee

Mr. Karaşıklı was born in 1965 in İzmit. Mr. Karaşıklı graduated from Boğaziçi University, Faculty of Economics and Administrative Sciences, Department of Business Administration in 1989. Mr. Karaşıklı served as General Manager at Toprak Faktoring and Toprak Leasing between 1994 and 1999, served as General Manager at CBank between 1999 and 2004, and Board Member in charge of Risk Management and Internal Audit at Bank Pozitif between 2004 and 2006. Mr. Karaşıklı currently serves as Board Member at H. Bayraktar Yatırım Holding A.Ş., Ege Endüstri Holding A.Ş., Baylas Otomotiv A.Ş., Baytur Motorlu Vasıtalar A.Ş., Bayraktar Gayrimenkul Geliştirme A.Ş., Bayraktar Otomotiv ve Servis Hiz. A.Ş., Laskay Lastik Sanayi A.Ş., and Astra Yapı ve İşletmeciliği A.Ş., and as an External Member of the Board of Directors at Çemtaş Çelik Makina A.Ş. and Bursa Çimento Fabrikaları A.Ş. Mr. Karaşıklı has been a Member of the Board of Directors of the Bank since August 2018.

Board of Directors



Turgay Geçer

*External Member of the Board of Directors
Chairman of the Audit Committee*

Mr. Geçer was born in Samsun in 1970. He graduated from Istanbul University, Department of Business Administration in 1991. He received his master's and doctorate degrees from Marmara University, Institute of Banking, and Insurance. Between 1991 and 1997, he worked as the Second Manager in the Project Department at Al Baraka Türk. Between 1997 and 2001, he worked as Finance Coordinator at Orion Asya Group of Companies. He served as the Head of Risk Management at Family Finans Kurumu A.Ş. between 2001 and 2005, and as the Head of Risk Management Group at TR Ziraat Bankası A.Ş. between 2005 and 2007. Between 2007 and 2009, he served as Assistant General Manager, Board of Directors and Audit Committee Member at Aktif Yatırım Bankası A.Ş. Between 2011-2015, he worked as Project Manager and General Manager Advisor at Belbim A.Ş. In the academic field, Dr Turgay Geçer, who worked as an Assistant Professor at Istanbul Sabahattin Zaim University between 2010-2018, has been serving as a Member of the Board of Directors in the Bank and serving as a Member of the Board of Directors of Kalkınma Yatırım Varlık Kiralama A.Ş. since 2019.



Erdal Erdem

*External Member of the Board of Directors
Chairman of the Corporate Governance Committee
Member of the Audit Committee*

Mr. Erdem was born in 1971 in Çankırı. Mr. Erdem graduated from Afyon Kocatepe University, Department of Finance in 1993 and received his master's degree from Beykent University. Mr Erdem started his career at Faisal Finance Institution between 1995 and 1996 and served as Assistant Marketing Specialist, Project Marketing Group Manager, Credit Service Manager, Credit Monitoring, Legal Consultancy and Assistant General Manager in charge of Credit Evaluation Units in the participation banking sector between 1996 and 2011. Between 2012 and 2014, he served as a Board Member and Credit Committee Member of TR Ziraat Bankası A.Ş., as well as Vice Chairman of the Board of Directors of Ziraat Leasing A.Ş. and Board Member of Ziraat Bankası Moscow. Between 2014-2017, he served as Deputy General Manager of SME Banking Marketing, Deputy General Manager of Financial Management and Planning, Acting Deputy General Manager of Human Resources and Quality Organisation, as well as Chairman of the Board of Directors of Halk Faktoring A.Ş. and Board Member of Halk Bank Serbia. Between 2017 and 2020, he served as Assistant General Manager and General Manager of Şekerbank SME Banking. Since July 2020, he has been serving as a Board Member at Türkiye Kalkınma Yatırım Bankası A.Ş. He has been serving as the General Manager of Kredi Garanti Fonu A.Ş. since February 2022.



Onur Gök

*Member of the Board of Directors
Member of the Remuneration Committee*

Mr. Gök started his career as an Assistant Tax Inspector in 2011, was successful in the qualification exam and was appointed as a Tax Inspector with the triple decree published in the Official Gazette dated 01.07.2015 and numbered 29403. Between September 2017 and April 2018, he served in an administrative position at the Tax Audit Board Presidency. During this period, he worked as the Rapporteur of the Central Report Evaluation Commission within the Board Presidency and also worked in the Legislation Unit of the Board Presidency. In April 2018, he was appointed as the Deputy Secretary General of the Tax Council with the approval of the Ministry and served in this position until March 2019. Within the Tax Council, he participated in income and corporate tax reform studies and Istanbul Finance Centre studies as a working group member. Between April 2019 and June 2021, he served as Deputy Chairman of the Board of the Tax Audit Board. Between January 2020 and July 2021, he served as the Secretary General of the Tax Council of the Ministry of Treasury and Finance of the Republic of Türkiye. Since December 2021, he has been serving as Advisor to the Minister at the Republic of Türkiye Ministry of Treasury and Finance, and since June 10, 2022, he has been serving as Deputy General Manager of Financial Markets and Foreign Exchange.

Information on the Composition, Working Method of the Board of Directors of the Development Investment Bank and the Number of Meetings and Resolutions in 2022

The Bank's Board of Directors consists of seven members elected by the General Assembly. The members of the Board of Directors may be elected for a maximum term of three years according to the resolution of the General Assembly. According to the provisions of the Articles of Association, the Board of Directors convenes at least once a month with the majority of the total number of members and takes its decisions with the majority of the members present at the meeting.

The resolutions resulting from the discussions held at the meetings are recorded in the Board of Directors' Resolution Book in accordance with the relevant legislation, and reasonable and detailed reasons for dissenting opinions are attached to the resolution. Members of the Board of Directors do not have veto rights. The Bank's executives, including the members of the Board of Directors, are insured with an Executive Liability Insurance with a limit of USD 3 million. The information and communication of the Chairman and Members of the Board of Directors is carried out by the Private Secretariat and the Board of Directors Office Unit. The actual attendance of the members to the Board of Directors meetings is ensured by the Chairman of the Board of Directors. The agenda and date of the Board of Directors meeting are determined by the Chairman of the Board of Directors.

The members of the Bank's Board of Directors are assigned to more than one committee due to the obligation to include independent members in the committees and the number of Board Members. The Bank's Board of Directors held 20 meetings in 2022 and took a total of 291 decisions, 11 of which were interim decisions.

Notes:

Due to the resignation of Hakan Ertürk on 21.06.2022, Ömer Karademir was elected as the acting chairman. Abdullah Bayazıt resigned on 25.03.2022 and Onur Gök was elected in his place.

Within the framework of the Capital Markets Board's Corporate Governance Communiqué II-17.1, the members of the Audit Committee are recognised as External Members of the Board of Directors.

Units within the Scope of Internal Systems

Dr. Kaan Ramazan Çakalı

Head of the Inspection Board

Mr. Çakalı was born in 1980 in Istanbul. Mr. Çakalı graduated from Marmara University, Department of Economics in English in 2002. He received his MBA degree from Istanbul Technical University in 2003 and his PhD degree in Business Management from Işık University in 2008. He started his professional career as an Assistant Inspector at Finansbank Inspection Board in 2002. Between 2002 and 2018, he worked as Assistant Inspector, Senior Assistant Inspector, Inspector, Senior Inspector, Manager and Department Manager at the Board of Inspectors of Finansbank. Between 2018-2019, he worked as Department Manager in the Risk Management Department of the same bank. Mr. Çakalı has been serving as the Chairman of the Board of Internal Auditors since 27 May 2019.

Burhan Serhan Peker

Manager of Internal Control and Compliance

Mr. Peker was born in 1983 in Ankara. Mr. Peker graduated from Boğaziçi University, Faculty of Economics and Administrative Sciences, Department of Business Administration in 2006. In 2006, Mr Peker joined T. Garanti Bank as an Assistant Inspector and served as an Inspector between 2010 and 2014. Mr Peker served as Internal Audit Manager at Garanti Fleet Management Services between 2015 and 2016, and as Internal Audit Unit Manager and Internal Control Manager at Garanti Yatırım Menkul Kıymetler between 2017 and 2018. On 14 February 2019, Mr. Peker joined Kalkınma Yatırım Bankası as Internal Control and Compliance Manager.

Dr Semra Pekkaya

Head of Risk Management Department

Dr. Pekkaya was born in Polatlı, Ankara, in 1969. She graduated from Ankara University, Faculty of Political Sciences, Department of Economics in 1989. She received her master's degree from Gazi University, Department of Economics in 1997 and her PhD degree in 2005. She started her professional career as an Assistant Specialist at the Development Investment Bank in 1990. She worked as a Specialist in the Economic and Social Research, Resources and Foreign Relations and Development Investment Securities Departments of the Bank and served as Assistant Manager in the Risk Monitoring Department, which was established in 2001, between 2001 and 2006, and as Manager since 2006. Mr. Pekkaya served as Manager in the Treasury Department between 2011 and 2013 and has been working as the Head of Risk Management Department since 13 September 2013.

Senior Management of the Bank

İbrahim H. Öztıp

General Manager and Member of the Board of Directors

Mr. Öztıp was born in 1969 in Şanlıurfa. He graduated from Middle East Technical University, Faculty of Engineering, Department of Industrial Engineering in 1991 and received his master's degree in business administration from Bilkent University.

He has held senior positions in the investment banking sector at Türkiye Sınai Kalkınma Bankası A.Ş., Körfezbank A.Ş. and Garanti Yatırım Menkul Kıymetler A.Ş.

Mr. Öztıp was appointed as a Member of the Board of Directors and General Manager of Development Investment Bank in August 2018 and is a Member of the Executive Committee of KOSGEB and a Member of the Board of Directors of TII - Turkish Investment Initiative. As of October 2021, he was elected as the Chairman of the Board of Directors of the Turkish Capital Markets Association. Since February 2021, Mr. Öztıp has been serving as Deputy Chairman of the Board of Directors at the Central Registry Agency and Chairman of the Board of Directors at Kalkınma Girişim Sermaye Portföy Yönetim A.Ş.

Nuri Yasin Kūlahçı

Executive Vice President

Mr. Kūlahçı was born in 1979 in Karaman. Mr. Kūlahçı graduated from Istanbul University, Faculty of Engineering, Department of Industrial Engineering in 1979 and then obtained a double master's degree in finance & Accounting and Business Administration from Yeditepe University. In 2003, Kūlahçı started his career as an assistant inspector at Finansbank A.Ş. Board of Inspectors and worked as Senior Consultant at DRT Bağımsız Denetim ve S.M.M.M. A.Ş. (Deloitte), Senior Director at Aktif Yatırım Bankası A.Ş., Senior Manager at PWC Bağımsız Denetim Serbest Mali Müşavirlik A.Ş. (PwC), and successfully managed many audit and consultancy projects in institutions operating in the financial sector in Türkiye and abroad. In 2019, Kūlahçı was appointed as Strategy, Organisation and Process Management Director at Türkiye Kalkınma ve Yatırım Bankası A.Ş. He has been serving as Executive Vice President responsible for Financial Affairs, Strategy and Organisation, Budget and Cost Management, Human Resources and Support Services Departments since October 2022.

Satı Balcı

Executive Vice President

Ms. Balcı was born in Yozgat in 1966. He graduated from Ankara University, Faculty of Political Sciences, Department of Business Administration in 1988. In 1988, he started his professional career at Yapı ve Kredi Bank as an Assistant Specialist and served as Specialist in Project Evaluation, Credit Allocation and Credit Monitoring departments between 1993-1998, Senior Specialist between 1998-2006, Manager between 2006-2011 and Head of Department between 2011-2017. He served as a Board Member at Yozgat Otelcilik A.Ş., Arıcak A.Ş. and T.H. Kalkınma Yatırım Menkul Değerler A.Ş., subsidiaries of the Bank. Since November 2017, he has been serving as Executive Vice President at the Bank. As of September 2021, he is the Vice Chairman of the Board of Directors of Kalkınma Girişim Sermayesi Portföy Yönetimi A.Ş. He is responsible for Türkiye Development Fund, Credit Operations, Treasury and Capital Market Operations, Subsidiaries and Corporate Relations Units.

Seçil Kızılkaya Yıldız

Executive Vice President

Ms. Kızılkaya Yıldız was born in Konya in 1973. She graduated from Boğaziçi University, Faculty of Economics and Administrative Sciences, Department of Business Administration in 1998. In 1998, she started her professional career at Türkiye Sınai ve Kalkınma Bankası A.Ş. She worked as Assistant Corporate Finance Manager at Oyak Yatırım Menkul Değerler A.Ş. between 2006 and 2007 and as Senior Credit Analyst at the Istanbul Liaison Office of Bayerische Hypo-und Vereinsbank AG between 2007 and 2008. Ms. Kızılkaya Yıldız worked as Capital Markets Director at UniCredit Menkul Değerler A.Ş. between 2008 and 2012 and as Structured Finance Group Manager at ING Bank A.Ş. between 2012 and 2014. Ms. Kızılkaya Yıldız worked as a Corporate Finance Consultant between 2014-2016 and as Founder and Managing Partner at FSM Advisory Consultancy Partnership between 2016-2017. Between 2017 and 2019, she worked as Vice General Manager at Kuzu Toplu Konut İnşaat A.Ş. She served as Assistant General Manager at Kuzu Toplu Konut İnşaat A.Ş. between 2017 and 2019. She served as a Board Member at T. H. Kalkınma Yatırım Menkul Değerler A.Ş., Board Member at Birleşik İpotek Finansmanı A.Ş., Chairman of the Board of Directors at Kalkınma Yatırım Varlık Kiralama A.Ş., Board Member at Kalkınma Girişim Sermayesi Portföy Yönetimi A.Ş. Since March 2019, she has been serving as Executive Vice President in charge of Investment Banking, Project Evaluation, Sustainability and Corporate Communications Departments at the Bank.

Emine Özlem Cinemre

Executive Vice President

Ms. Cinemre graduated from Boğaziçi University, Faculty of Economics and Administrative Sciences, Department of Business Administration in 1988. In 1988, Ms Cinemre started her career at QNB Finansbank A.Ş. as an Assistant Specialist and served as Foreign Relations Officer between 1989 and 1991, Foreign Relations Unit Manager between 1991 and 1992, Foreign Relations Group Head between 1993 and 1997, and Foreign Relations Assistant General Manager between 1997 and 2018. She served as a Board Member at QNB Finans Leasing, QNB Finans Faktoring and Hemenal Finansman A.Ş. in 2018-2019. Since June 2019, she has been serving as Assistant General Manager in charge of Treasury and Financial Institutions at Türkiye Kalkınma ve Yatırım Bankası A.Ş. Ms. Cinemre is also a member of the Board of Directors of several non-governmental organisations in Türkiye.

Yeşim Şimşek

Executive Vice President

Ms. Şimşek graduated from Ankara University, Faculty of Communication in 1986. She started her banking career at Yapı Kredi Bank in the same year. After working at Koçbank between 1993 and 1995, she worked as Branch Manager at Bank Ekspres and Garanti Bank until 2004. She served as Regional Manager at Garanti Bank between 2004 and 2013, as Commercial Banking Marketing Coordinator between 2013 and 2018, and as Assistant General Manager of Corporate & Commercial Banking and Project Finance at Alternatifbank between 2018 and 2022. Since June 2022, she has been serving as Executive Vice President in charge of Corporate Banking and Project Finance at Türkiye Kalkınma ve Yatırım Bankası A.Ş.

Ali Yunuslar

Executive Vice President

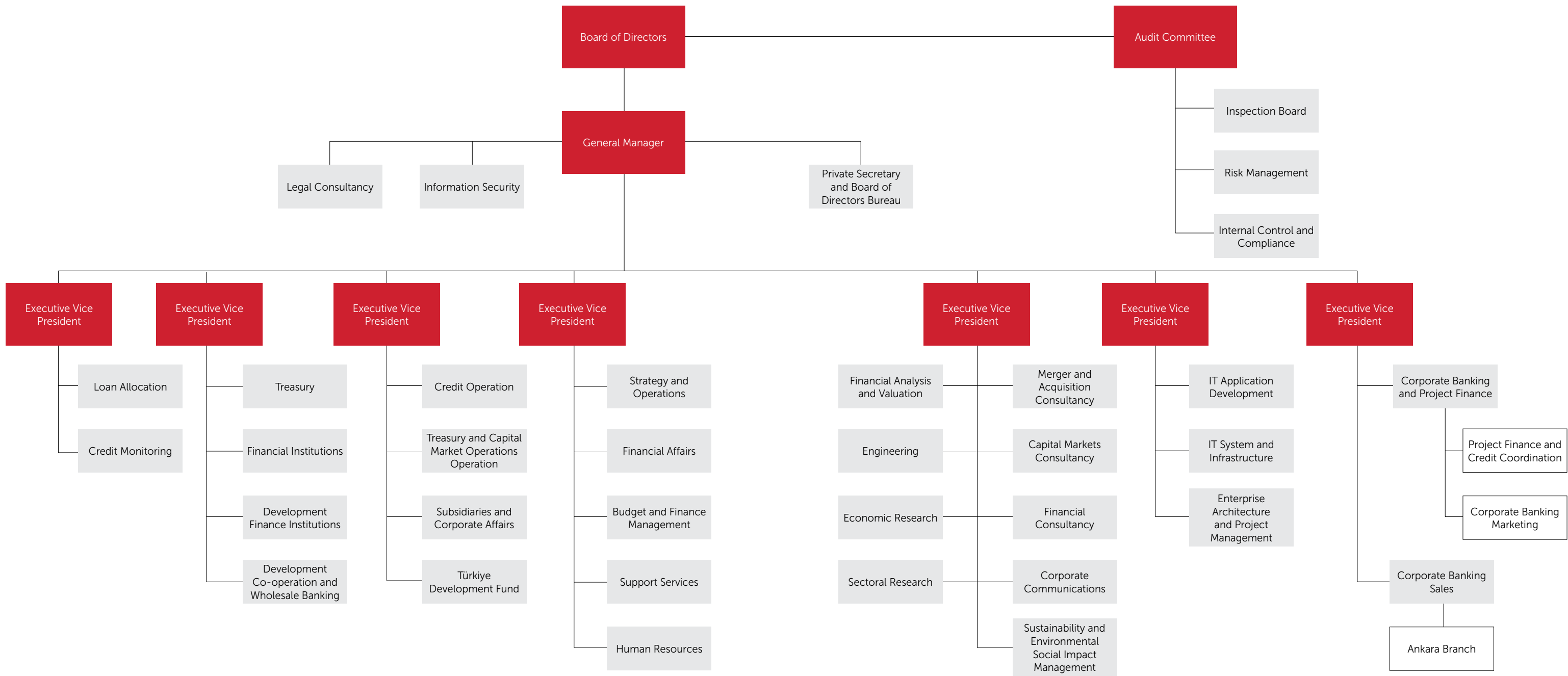
Mr. Yunuslar graduated in 1999 from METU Department of Computer Engineering. Mr. Yunuslar completed his MBA at ITU in 2011-2012 and started his professional career as a Software Engineer at VestelNet. After working as a Software Specialist at VeriPark and Bizitek, he joined Türkiye Sınai Kalkınma Bankası as a Senior Software Specialist in 2004. After serving as a manager at Türkiye Sınai Kalkınma Bankası for seven years, he transferred to Mastercard Payment Systems as Application Development Director in 2013. In 2017, he founded Mentavision Information Technologies and started to work as Application Development Director at the Development and Investment Bank of Türkiye in 2019 and was appointed as Executive Vice President responsible for Information Technologies in 2022.

Muzaffer Gökhan Songül

Executive Vice President

Mr. Songül graduated from Istanbul University, Faculty of Political Sciences, Department of Business Administration in 2002 and received his master's degree in international economics from Marmara University, Institute of Social Sciences. In 2004, Mr. Songül started his career at Garanti Bank and worked at ABN AMRO Bank between 2007 and 2010. He served as Assistant General Manager at Royal Bank of Scotland between 2010 and 2014, Assistant General Manager at Alternatif Bank A.Ş. between 2014 and 2022, and Board Member at Alternatif Yatırım and Alternatif Leasing between 2014 and 2022. Since September 2022, he has been serving as Executive Vice President in charge of Credits at Türkiye Kalkınma ve Yatırım Bankası A.Ş.

Organisation Chart



Committees

Audit Committee

Pursuant to Article 24 of the Banking Law No. 5411 and the provisions of the Regulation on Internal Systems and Internal Capital Adequacy Assessment Process of Banks, an Audit Committee was established within the Board of Directors of the Bank with the decision of the Board of Directors dated 31 October 2006 and numbered 227 to assist the Board of Directors in the performance of audit and supervision activities.

Turgay Geçer, Erdal Erdem, Salim Can Karaşıklı and Ömer Karademir were elected as members of the Audit Committee with the decision of the Board of Directors dated 5 April 2022 and numbered 2022-06-02/076.

The Audit Committee carries out its activities within the framework of the Audit Committee Regulation adopted by the resolution of the Board of Directors dated 15 May 2020 and numbered 88.

It is envisaged that the Committee will convene at least once every three months. In 2022, the Committee held 18 meetings and took 66 decisions.

Audit Committee Members and Their Main Duties

Name	Title	Primary Duty
Turgay Geçer	Chairman	Independent Member of the Board of Directors
Erdal Erdem	Deputy Chairman	Independent Member of the Board of Directors
Salim Can Karaşıklı	Member	Independent Member of the Board of Directors
Ömer Karademir	Member	Independent Member of the Board of Directors

Remuneration Committee

Within the scope of the Regulation Amending the Regulation on Corporate Governance Principles of Banks published in the Official Gazette dated 09.09.2011 and numbered 27959 by the Banking Regulation and Supervision Agency, the Remuneration Committee was established by the Board of Directors with the resolution no. 2011-23-10/272 dated 08.12.2011 in order to evaluate the Bank's remuneration policy and practices within the framework of risk management and to submit proposals to the Board of Directors regarding the same, and the Bank's Remuneration Policy was adopted and entered into force with

the resolution no. 2013-Ara Decision/074 dated 18.04.2013 and the Remuneration Committee Regulation was adopted and entered into force with the resolution no. 2013-11-14/121 dated 13.06.2013.

With the decision of the Board of Directors dated 29.06.2022 and numbered 2022-10-03/154, the members of the Remuneration Committee were re-determined.

The Committee held one meeting in 2022 and took one decision to be submitted to the Board of Directors of the Bank.

Members of the Remuneration Committee and Their Main Duties (*)

Name	Title	Primary Duty
Salim Can Karaşıklı	Chairman	Independent Member of the Board of Directors
Onur Gök	Member	Member of the Board of Directors

(*) Dr Hakan Ertürk served as a member of the Remuneration Committee between 25.11.2021 - 21.06.2022.

Corporate Governance Committee

Within the framework of the Regulation on Corporate Governance Principles of Banks published by the BRSA in the Official Gazette dated 1 November 2006 and numbered 26333 and the Corporate Governance Principles published by the Capital Markets Board, the Corporate Governance Committee was established with the decision of the Board of Directors of the Bank dated 15 June 2007 and numbered 185.

The Working Procedures and Principles of the Corporate Governance Committee were put into effect with the Board of Directors' resolution dated 24 July 2007 and numbered 209, and the regulation on the working procedures and principles of the said Committee was amended and transformed into the Corporate Governance Committee Regulation with the Board of Directors' resolution dated 29 December 2011 and numbered 283. The Regulation was revised with the decision of the Board of Directors dated 22 September 2022 and numbered 211.

The duties of the Committee are to carry out studies to determine the principles regarding the Bank's corporate governance policy, to monitor compliance with the Corporate Governance Principles, to carry out improvement studies in this regard and

to submit proposals to the Board of Directors. With the decision of the Board of Directors dated 5 April 2022 and numbered 2022-06-04/078, independent and non-executive Board Member Erdal Erdem was elected as the Chairman of the Corporate Governance Committee. The Corporate Governance Committee held two meetings and adopted two resolutions in 2022.

In addition, the Board of Directors of the Bank has decided that the duties of the Nomination Committee will be fulfilled by the Corporate Governance Committee of the Bank within the framework of the Corporate Governance Communiqué of the Capital Markets Board.

The efforts of the Corporate Governance Committee to improve the Bank's corporate governance practices continue.

Corporate Governance Committee Members and Their Main Duties (*)

Name	Title	Primary Duty
Erdal Erdem	Chairman	Independent Member of the Board of Directors
Salim Can Karaşıklı	Deputy Chairman	Independent Member of the Board of Directors
Metin Yılmaz	Member	Treasury and Capital Market Opr. Unit Manager

Credit Evaluation Committee

The Credit Assessment Committee has been established in order to determine the principles and principles of lending in accordance with the general objectives and policies of the Bank and to develop them according to the conditions of the day, to ensure and monitor the regular operation of the work, information and document flow between the units in charge of credit transactions of the Bank, to assess the Bank's credit risk and the status of the loan portfolio, to review, evaluate and decide on the reports prepared by the relevant units on credit allocation, to evaluate the projects to be credited by taking into account the three dimensions of sustainable development (economic, social and environmental) within the scope of the Bank's Environmental and Social Policy, to take decisions on postponement, instalment and rearrangement of credit receivables within the limits determined, to determine the procedures and principles regarding

the Bank's credit policies, to increase the efficiency of the credit portfolio within the framework of changing and developing conditions and to take measures and decisions on determining the strategies related to problematic/legal follow-up customers, and to discuss the proposals prepared by the relevant units.

The Credit Evaluation Committee is chaired by the General Manager and consists of the Assistant General Managers listed below, except for the Assistant General Manager in charge of Treasury, Financial Institutions, Development Cooperation and Wholesale Banking, Development Finance Institutions Units, the Assistant General Manager in charge of Human Resources, Financial Affairs, Strategy Units and the Assistant General Manager in charge of IT Application Development, IT System and Infrastructure, Enterprise Architecture and Project Management Units. In the absence of the General Manager, the Deputy General Manager chairs the meetings. In addition to the members listed below, other employees may be invited to the Committee meetings depending on the agenda of the meeting. However, other participants do not have the right to vote.

In 2022, the Committee held 52 meetings and took decisions on 195 proposals and issues and submitted the necessary ones to the Bank's Board of Directors for approval.

Members of the Credit Evaluation Committee and Their Main Duties

Name	Title	Primary Duty
İbrahim H. Öztop	Chairman	CEO
Gökhan Songül	Member	Executive Vice President
Seçil Kızılkaya Yıldız	Member	Executive Vice President
Satı Balcı	Member	Executive Vice President
Yeşim Şimşek	Member	Executive Vice President
Relevant Unit Managers	Participant	Relevant Unit Head of Department / Manager

Assets and Liabilities Management Committee

The Assets and Liabilities Committee was established to ensure the effective and efficient management of the assets and liabilities of the Bank's balance sheet. The Committee carries out its activities within the framework of the Bank's vision, mission, strategic goals and objectives, risk management policies and strategies, and considers current and potential economic developments and factors such as interest, maturity, and currency type.



Committees

The Assets and Liabilities Committee Regulation, which sets out the working procedures and principles of the Committee established by the Board of Directors' resolution no. 213 dated 8 September 2008, was finalized by the Board of Directors' resolution no. 246 dated 25 October 2022.

The Committee is chaired by the General Manager and its members are Assistant General Managers and the Head of Risk Management Department. In the absence of the Chairman, the meetings are chaired by the Assistant General Manager in charge of Treasury. The Committee Chairman may invite relevant unit managers or personnel to the meetings according to the agenda of the meeting. The Committee took 10 decisions in 2022.

Assets and Liabilities Management Committee Members and Their Main Duties

Name	Title	Primary Duty
İbrahim H. Öztop	Chairman	CEO
Özlem Cinemre	Deputy Chairman	Executive Vice President
N. Yasin Külahçı	Member	Executive Vice President
Seçil Kızılkaya Yıldız	Member	Executive Vice President
Satı Balcı	Member	Executive Vice President
Yeşim Şimşek	Member	Executive Vice President
Ali Yunuslar	Member	Executive Vice President
Gökhan Songül	Member	Executive Vice President
Dr. Semra Pekkaya	Member	Head of Risk Management Department

Sustainability Committee

A Sustainability Committee has been established to effectively carry out the necessary work to develop the sustainability strategy and policies of the Development Investment Bank and to integrate them into all activities.

The Sustainability Committee carries out its activities within the framework of the updated Sustainability Committee Directive dated August 2021. The Committee is chaired by the General Manager and consists of an independent member of the Board of Directors, the Assistant General Manager in charge of the Sustainability and Environmental Social Impact Management Unit, the Assistant General Manager in charge of the Development Finance Institutions Unit, the Sustainability and Environmental Social Impact Management Unit Manager, the Head of the Strategy, Organisation and Process Management Department and other assistant members to be selected by the Committee. Independent Board Members and auxiliary members are determined by the decision of the Committee.

The Committee held 1 meeting and took 2 decisions in 2022.

Sustainability Committee Members and Their Main Duties

Name	Title	Primary Duty
İbrahim Halil Öztop	Committee Chairman	CEO
Turgay Geçer	Deputy Chairman	Board Member
Seçil Kızılkaya Yıldız	Member	Executive Vice President
Emine Özlem Cinemre	Member	Executive Vice President
N. Yasin Külahçı	Member	Executive Vice President
Erhan Çalışkan	Member	Senior Vice President

Sustainability Committee members were updated as of 23.08.2021.

Information on Human Resources Policy

The principle of equal opportunity is at the centre of the Bank's human resources policy.

Development Investment Bank, which meets the expectations of its stakeholders, values its employees, is open to development, uses all its resources effectively and efficiently, is sensitive to the environment, occupational health, and safety, complies with quality standards and legislation, continuously improves its business technology and skills, and draws strength from the creativity of its employees, recognises human resources as the most important asset in achieving its goals.

In addition to carrying out the necessary work to recruit, train and develop a qualified workforce that is in line with the Bank's vision and mission and has the competence required by the job, the Bank provides a working environment that allows its employees to use all their skills.

In 2022, 62 people joined the Development Investment Bank family. Thus, the Bank reached 305 employees by the end of 2022.

The principle of equal opportunity is at the centre of the human resources policy of the Development Investment Bank and this principle forms a part of its corporate identity. Within the scope of equal opportunities, the equality of male and female employees has become a part of the corporate culture. As of 31.12.2022, 119 of the employees were female and 186 were male. The 57% female manager ratio, especially at the assistant general manager level, is a concrete indicator of this situation.

Merit-Oriented Approach

Development Investment Bank carries out all human resources processes with a focus on merit.

In order to ensure that the Bank achieves its targets and to improve the quality of its personnel, priority is given to recruiting sufficient and qualified specialised personnel who can carry the Bank's existing experience and know-how into the future, in addition to training activities.

As a result of researching candidates for the required personnel qualifications, the Bank invites suitable candidates for interviews and evaluates the applications of those who apply to the Bank individually. Written and/or oral examinations and recruitment procedures are carried out by the Human Resources Department.

The exams organised by the Development Investment Bank are announced to the public via the Bank's website and career websites. Exam results are notified to candidates via e-mail. Successful candidates within the scope of the Assistant Specialist Programme (Management Trainee Training) programme have started to work.

Full transition to online interviews and exams in recruitment processes has been realised. Standard criteria (experience, length of service, performance, competency assessment, exam, interview, etc.) are established for all internal promotions and transfers between positions and announced to all Bank employees with a transparent approach within the scope of career maps.

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In addition to carrying out the necessary work to recruit, train and develop a competent, qualified workforce in line with its vision and mission, Development Investment Bank provides an environment that allows employees to use their skills.

Information on Human Resources Policy

In line with the Bank's culture of trust and employee-oriented perspective, the Bank was awarded the "Certified" licence as a result of the Great Place to Work survey conducted in 2022.

The Bank continues to work on the Assistant Specialist Programme and Internship Programmes for the employment of new graduates. As of the end of 2022, a Long-Term Internship Programme was announced. In the future, the Bank plans to participate in events such as career days at universities within the scope of brand awareness and recognition activities.

Objective Remuneration Policy

Development Investment Bank has a Remuneration Policy approved by the Board of Directors. In addition to being based on the principle of remuneration according to the position, the policy is fair, measurable and encourages success among employees and ensures compliance with the Bank's risk principles. The Remuneration Committee and the Human Resources Unit authorised by the Committee are responsible for the review and proper execution of the remuneration policies.

The remuneration policy of the Development Investment Bank is based on the principles of "equal pay for equal work" and "remuneration based on performance." In addition to individual performance, the Bank also considers general macroeconomic conditions, the inflation rate, and trends in the sector. Development Investment Bank has established a continuous monitoring system to ensure that the remuneration system is fair, measurable, and based on balanced performance targets and encourages sustainable success. The Bank's remuneration system is based on task-based remuneration, and personnel performing similar tasks receive similar remuneration. Tasks are evaluated within the scope of objective criteria such as the competences required by the task, the risk it carries, and the number of people managed. The Bank's remuneration policy determined within this framework has been approved by the Board of Directors.

Dynamic Performance Evaluation System

In the performance evaluation system of the Development Investment Bank, the performance of employees is measured based on competencies, targets, and their realisation in line with the Bank's values. Systematic performance models are supported by concrete, measurable criteria during the evaluation process, and while ensuring fairness among employees, they also function as important and effective management tools in expense management and efficiency.

In line with the Bank's values, managerial, basic, and functional competences are defined for managers and above, and basic and functional competences are defined for other titles. The performance of employees is evaluated based on competences, targets, and their realisation. Employee evaluations are carried out by two managers of the employee and open to the approval of the employee in order to ensure that the process is objective. Managers hold feedback meetings with the employees they evaluate.

The performance evaluation system of the Development Investment Bank aims to measure the performance of employees based on targets and their realisation. Systematic bonus and performance models are supported by concrete, measurable criteria during evaluation.

Vocational and Personal Training Activities

The Bank organises professional technical trainings and personal development trainings to ensure that its personnel have the necessary knowledge and equipment and encourages the participation of personnel in trainings.

In 2022, intensive online and classroom trainings were organised. Training programmes that are mandatory for all employees to complete are offered through the online training platform. In addition, in order to support continuous development, various online training platform memberships with high international recognition were obtained according to the needs and demands of the units.

Open class trainings offered by the Banks Association of Türkiye three times a year are actively participated in every period.

Three-month foreign language training is provided to all employees who wish to improve their foreign language skills.

Leadership Development Programmes are organised for managerial staff. The programme, which is designed in a modular structure, starts with an inventory process, and is supported by one-to-one coaching interviews and lasts approximately three months. Within the scope of the programme, participants receive coaching and shed light on both them and their teams.

In order to retain and develop talents, a five-month Micro MBA Certificate Programme was implemented in cooperation with the university for employees in the talent pool. In this context, 15 employees benefited from the programme in the first phase and guided their career and development journeys with this programme consisting of both personal development and technical training.

In order to support the employee development journey, postgraduate education discount agreements were made with Türkiye's leading universities for employees who wish to pursue a master's degree or doctorate degree and announced to all employees.

In order to attract new graduates to the sector, a detailed training programme consisting of technical and personal development training lasting approximately one month is offered to employees who start working as Assistant Specialists.

The Bank supports employee development continuously by meeting the certification processes required for specific tasks with the opinion and approval of the manager. Journal and database memberships specific to the units are realised in line with the needs.

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The Bank organises vocational technical trainings and personal development trainings to ensure that its personnel have the necessary knowledge and equipment and encourages personnel to participate in these trainings.



Information on Human Resources Policy

In the “Seminar Break” series, experts in different fields were hosted.

Various seminars are organised throughout the year to which all employees are invited. The aim of these seminars is to raise the level of awareness of employees and to provide them with information about their areas of interest. The “Seminar Break” series hosted experts in many different subjects and fields.

In accordance with Occupational Health and Safety (OHS) regulations, the Bank’s OHS team ensures the necessary coordination and follow-up in all processes such as training programmes, OHS Boards, near-miss incidents, occupational accidents, and corrective and preventive actions.

Two-Way Dialogue Channels

Within the scope of employee loyalty and satisfaction, great importance is attached to two-way dialogue channels in order to feed on the innovative ideas of employees. Employee opinions are systematically gathered through online interviews, intranet, and various surveys, aiming to increase employee satisfaction and employee loyalty.

The first Employee Loyalty and Satisfaction Survey was conducted in January 2022 to determine employee loyalty and satisfaction. As a result of the survey, which was completed with the participation of 91% of the employees, the satisfaction and loyalty rate was determined as 78.

In line with the Bank’s culture of trust and employee-oriented perspective, the Great Place to Work survey was conducted in December 2022. As a result of the survey completed with the participation of 89% of employees, the Bank was awarded the “Certified” licence.

In order to improve cooperation and teamwork and to strengthen communication between teams, the Internal Customer Satisfaction survey was initiated at the end of 2022. In the first half of 2023, the survey is planned to be conducted.

Digital Transformation in Human Resources Processes

In 2022, in line with its overall strategy, the Bank focused on the digitalisation of human resources and internal communication applications. Within the scope of transformation efforts, the Bank aims to digitalise all business processes of Human Resources. System studies in this area are ongoing. Digital transformation aims to make processes more efficient, save costs, systematise reporting and increase employee satisfaction.

Activity Topics for which Support Services Are Received

In accordance with the “Regulation on Banks’ Procurement of Support Services,” the following services have been procured by the Bank:

- Server hosting service from Telekomünikasyon A.Ş.
- Outsourcing services from Innova Bilişim Çözümleri A.Ş. and Turkgen Yazılım Danışmanlık San. Tic. A.Ş.
- Basic Banking Software products and services from Softtech Yazılım Teknolojileri Araştırma Geliştirme ve Pazarlama Ticaret A.Ş. within the scope of the Basic Banking Software Transformation Project
- White space rental service from Yaz Bilgi Sistemleri Ticaret A.Ş.
- Product purchase, maintenance, and support services for SWIFT system, from Fineksus Bilişim Çözümleri Ticaret A.Ş.
- Public Offering Module and Securities Module from Active Bilgisayar Hizmet ve Ticaret Ltd.
- Penetration Test service from BGA Bilgi Güvenliği A.Ş.
- Treasury Derivative and Valuation Management, Market Risk Management, Asset Liability Management Solutions and R&D services from Risk Yazılım Teknolojileri Danışmanlık Eğitim Ticaret Ltd.
- Oracle Products Extended Technical Support Service from Helezon Bilgisayar Yazılım Danışmanlık ve Elektronik Ltd. Şti.
- Data Centre Renewal Project service from İşNet Elektronik Bilgi Üretim Dağıtım Ticaret ve İletişim Hizmetleri A.Ş.

Corporate Governance Principles Compliance Report

Türkiye Kalkınma ve Yatırım Bankası A.Ş. continues its operations in accordance with the Law No. 7147 regulating its establishment, the Banking Law, and other legal regulations for which it is liable. The Bank complies with the mandatory Corporate Governance Principles published by the Capital Markets Board and endeavours to comply with the non-mandatory principles.

Although full compliance with the non-mandatory Corporate Governance Principles is aimed, full compliance has not yet been achieved due to the difficulties experienced in the implementation of some of the principles and the fact that some of the principles do not fully overlap with the current structure of the market and the Bank. The principles that have not yet been put into practice are being worked on and it may be considered to be put into practice after analysing the administrative, legal, and technical infrastructure works in a way to contribute to the effective management of the Bank.

Pursuant to the decision of the Capital Markets Board dated 10.01.2019 and numbered 2/49, Corporate Governance Compliance Reporting in accordance with the Corporate Governance Communiqué numbered II-17.1 will be made through the KAP platform using the Corporate Governance Compliance Report (URF) and Corporate Governance Information Form ("CGIF") templates. The relevant reports can be accessed via the "Corporate Governance" and "Corporate Governance Principles Compliance Report" tabs at <https://www.kap.org.tr/tr/sirket-bilgileri/ozet/2426-turkiye-kalkinma-ve-yatirim-bankasi-a-s>.

Among the non-mandatory Corporate Governance Principles, the main principles that have not yet been complied with are stated below, and additional explanations on the subject are included in the relevant sections of the report. There is no conflict of interest that the Bank is exposed to due to non-compliance with non-mandatory principles.

- Regarding principle no. 1.3.11; in addition to the shareholders of our Bank, the persons specified in the "Internal Directive on the Working Procedures and Principles of the General Assembly of Türkiye Kalkınma ve Yatırım Bankası A.Ş." may attend the General Assembly meetings.
- Regarding principle no. 1.5.2; minority rights are not regulated in the Articles of Association.

- Regarding principle no. 1.6.3; the reasons for not distributing dividends were discussed upon the Board of Directors' motion not to distribute dividends; however, only the method of utilisation of the undistributed profit was stated in the General Assembly Minutes.
- Regarding principle no. 2.1.2; there is no real person shareholder holding more than 5% of the issued capital. The Bank's shareholding structure is available on the corporate website.
- Regarding principle no. 2.1.4; the Bank's corporate website is partially translated into English.
- Regarding principle no. 3.2.1; there is no internal regulation on the participation of the Bank's employees in management. However, the relevant unit can attend the meetings and provide information or opinions at the decision-making stage of the Bank's committees.
- Regarding principle no. 3.3.5; decisions taken or developments concerning the employees are communicated to them. There is no union organisation.
- Regarding principle no. 4.2.8; although the damages that the members of the Board of Directors may cause to the company due to their faults during the execution of their duties are not insured for an amount exceeding 25% of the company's capital, an Executive Liability Insurance with a limit of USD 3 million is provided for the Bank's executives, including the members of the Board of Directors.
- Regarding principle no. 4.3.9; no minimum ratio has been determined for female members in the Bank's Board of Directors.
- Regarding principle no. 4.4.3; although there is an opportunity to express opinions, there has not been any practice in this regard.
- Regarding principle no. 4.4.7; members of the board of directors are not restricted from assuming other duties outside the Bank.
- Regarding principle no. 4.5.5; members of the Board of Directors can be assigned to more than one committee.
- Regarding principle no. 4.6.1, there is no performance evaluation at the Board of Directors level.
- Regarding principle no. 4.6.5, payments made to the members of the Board of Directors and executives with administrative responsibilities are disclosed to the public collectively in the footnotes to the financial statements.

In 2022, activities in the field of Corporate Governance were carried out in accordance with the Capital Markets Law, which includes the CMB's regulations on Corporate Governance Principles, and the communiqués prepared on the basis of this Law.

In the Ordinary General Assembly held in 2022, our Board of Directors and Board Committees were established in accordance with the regulations in the Communiqué. The established Board Committees continue their activities effectively.

Corporate Governance Rating

In its report dated 15.04.2022, Saha Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş. assigned the Bank's compliance rating to the CMB Corporate Governance Principles as 9.32. The compliance grades given over four main sections are given in the table below.

Corporate Governance Compliance Rating Score					
	Shareholders	Public Disclosure and Transparency	Stakeholders	Board of Directors	Corporate Governance Principles Compliance Rating Score
Weight	25%	25%	15%	35%	
Grade Received	9.41	9.73	9.81	8.76	9.32



Dividend Distribution Policy

Article 26 of the Articles of Association of Türkiye Kalkınma ve Yatırım Bankası Anonim Şirketi (the Bank) regulates the principles regarding profit distribution.

The distribution of the Bank's profit is decided by the General Assembly by respecting the provisions of the Turkish Commercial Code, the Capital Markets Law and other legislation to which the Bank is subject. The date of dividend distribution is determined by the General Assembly.

Pursuant to the article on Profit Distribution of the Articles of Association.

1. The amount remaining after taxes and other legal liabilities are set aside from the Bank's gross profit is the net profit for the period.
2. The Bank's net profit for the period shall be distributed as follows: a:
 - a. Five per cent (5%) is allocated to the general legal reserve fund up to 20% of the paid-in share capital. In the event that the legal reserves fall below 20% of the paid-in capital, the Bank shall continue to set aside reserves until this amount is reached.
 - b. The first dividend shall be distributed from the remaining profit in accordance with the provisions of the Turkish Commercial Code, Banking Law, and other relevant legislation.
 - c. If accepted by the General Assembly and provided that the rate and amount are specified by the General Assembly, the members of the Board of Directors and the Bank's personnel may be given a share from the profit, provided that it does not exceed three times their gross salaries and is limited to the period of their employment.
 - d. Other appropriations and reserves deemed necessary by the Turkish Commercial Code and the General Assembly are set aside and an amount to be decided by the General Assembly is set aside for distribution to the shareholders as "second dividend share."
 - e. The remaining profit shall be set aside as reserves.
3. The distribution procedures of the dividends to be paid to the members of the Board of Directors and the Bank's personnel shall be determined by the Board of Directors.

Within the framework of the provisions of the Articles of Association, there is no practice of advance dividend payments in the Bank.

The dividend distribution decision becomes effective upon approval at the General Assembly meeting and the decisions taken are disclosed to the public on the same day via the Public Disclosure Platform.

Summary Report of the Board of Directors

The Bank maintained its strong performance trend in 2022.

Global economic activity started to slow down in the second quarter of 2022 due to geopolitical risks and global financial conditions. Due to the slowdown, which became more pronounced in the last quarter of the year, global economic growth, which reached 5.9% in 2021, is estimated to have declined to 2.9% in 2022.

Despite rising global recession concerns, global supply shocks and the Russian-Ukrainian war, the Turkish economy continued to grow uninterrupted. Since the last quarter of 2019, the Turkish economy has been growing uninterrupted, ranking first among G20 countries and second among OECD countries.

Our Bank maintained its strong performance trend in 2022 as well. When we look at the year-end financial indicators of our Bank, it is seen that our assets reached TL 92 billion as of the last quarter of 2022 and displayed a growth performance of 89% compared to the same period of the previous year.

Our Bank continues to contribute to sustainable growth with the credit support it provides to investments in line with the development targets of our country. In December 2022, the amount of our loans, which constituted 66% of our total assets, reached TL 60.3 billion. Our loan volume increased by 61% compared to the end of 2021 and the ratio of gross non-performing loans to total loans decreased by 0.8 points compared to the same period of the previous year and stood at 1.48%. Capital adequacy ratio was 16.67 in the last quarter. Our profit for 2022 was realised as TL 1,691.4 million.

Our Bank will continue to work towards the sustainable growth and development of our country by focusing on sustainable development since the day it was founded, playing an active role in the realisation of environmentally and socially sensitive investments; with its strong capital structure, competence in development and investment banking, Türkiye Development Fund, and the goal of bringing depth and diversity to Türkiye's capital markets.

As the Board of Directors of the Development Investment Bank, we would like to extend our thanks to all our stakeholders who contributed to all our activities in the 2022 operating period and present the Board of Directors' and Auditors' Reports and the financial reports of the Development Investment Bank for the year 2022 for your consideration.

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

TL 60.3 billion
Total Loans

Assessments of the Audit Committee on the Functioning of Internal Control, Internal Audit and Risk Management Systems and Activities During the Accounting Period

The Audit Committee of the Bank carries out its activities in accordance with the provisions of the "Regulation on Internal Systems and Internal Capital Adequacy Assessment Process of Banks." The Board of Internal Auditors, Internal Control and Compliance Unit and Risk Management Unit within the scope of Internal Systems report to the Board of Directors through the Audit Committee.

The Audit Committee receives regular reports from the units established within the scope of internal control, internal audit and risk management systems and independent audit institutions regarding the performance of their duties. 66 decisions were taken in 18 meetings held in 2022. In accordance with BRSA regulations, the activities carried out by the Audit Committee are reported to the Board of Directors every six months.

Activities Performed by the Board of Internal Auditors

The Board of Internal Auditors carries out audits to add value to the Bank's operations in order to ensure that they are carried out and developed in accordance with the Banking Law and other legal regulations as well as the Bank's decisions, policies, and targets. Annual audit planning is prepared to cover all units, processes, information systems, support service organisations, internal control and risk management systems of the Bank based on risk assessments. Quarterly activity reports on the activities carried out by the Board of Internal Auditors are discussed with the Audit Committee and sent to the BRSA following the approval of the Board of Directors.

In 2022, 20 audit reports were prepared by the Board of Internal Auditors within the scope of planned audit activities. Planned audit activities cover the validation and audit of the ICAAP process, information systems and banking processes, rating, independent audit and valuation institutions and support services institutions in addition to the business and operations of the Bank's units. The management declaration given by the Bank's Board of Directors to the contracted independent audit firm is based on the audits of information systems and banking processes conducted by the Board of Internal Auditors and the audits of support services institutions.

Activities Performed by the Internal Control and Compliance Unit

The Internal Control and Compliance Unit comprises internal control, legislation, and compliance functions. The Internal Control and Compliance Unit, which supports the Bank's activities to be carried out in compliance with legal and internal regulations, also carries out control activities to ensure that losses arising from operational risks are kept at a minimum level. Internal control, legislation and compliance teams operating under the same unit continued their activities in coordination and contributed to the achievement of the Bank's objectives.

Internal control activities are organised to cover the main control areas with a risk-oriented perspective. In order to strengthen the Bank's internal control system, control activities were carried out for the design of systemic control processes, integrity, and reliability of financial reporting systems. In this context, control testing activities were carried out by competent and experienced internal control personnel supported by software systems.

The Regulatory and Compliance Function is mainly engaged in measuring, assessing, monitoring and reporting risks in order to establish a compliance risk culture within the Bank and its subsidiaries and to manage compliance risks effectively, monitoring and announcing legal regulations in order to ensure compliance with the relevant legislation to which the Bank is subject, supporting the establishment of internal policies and procedures and providing opinions and assessments on the compliance of products and services with the legislation. Contributed to the effective management of compliance risks by providing consultancy to the Bank's personnel in all areas related to compliance risks, including anti-financial and economic crime programmes. Contributed to taking necessary measures to ensure that the activities, products, and processes carried out and planned to be carried out by the Bank comply with both the legislation in force and the Bank's policies and standards. In-house trainings continue to be provided to the Bank's personnel to raise awareness on compliance policies and compliance risks. Legislation follow-up and coordination of relations with regulatory bodies were ensured at the Bank.

The findings identified as a result of the controls carried out by the Internal Control and Compliance Unit within the framework of internal control, compliance and regulatory activities were shared with the relevant units, directions were given to eliminate the deficiencies and correct the defects in question, and the results of the actions taken by the relevant units were monitored. Quarterly activity reports prepared in relation to these internal control activities were submitted to the Audit Committee.

Activities Performed by the Risk Management Unit

Existing and potential risks faced by the Bank are monitored by the Risk Management Unit within the framework of daily, weekly, monthly, and annual reports and reported to the Audit Committee, the Board of Directors and the Bank's senior management.

The Risk Management Unit is responsible for identifying, measuring, analysing, monitoring, and reporting the risks faced by the Bank and issuing warnings to mitigate controllable and uncontrollable risks. In this context, current and potential risks faced by the Bank are monitored through internal reports prepared by the Risk Management Unit on a daily, weekly, and monthly basis.

Within the scope of daily reports, the Bank's interest rate and exchange rate risk sensitivities are analysed on the basis of various scenarios, daily limit and liquidity emergency indicators are monitored, duration analyses of the Bank's securities portfolio are made and the compliance of bank placements and accepted letters of guarantee with the Bank's limits is evaluated. Weekly reports include general economic analyses and evaluations and limit monitoring tables for liquidity and exchange rate risks.

The monthly risk analysis report prepared by the Risk Management Unit includes more comprehensive analyses of the risks to which the Bank is exposed. The "Risk Limits Monitoring Report" prepared by the Unit presents the realisations of the risk limits set for quantifiable risks and approved by the Board of Directors. Monthly reports prepared by the Unit are submitted to the relevant departments, senior management, Asset-Liability Committee, Audit Committee, and the Board of Directors.

The risk reporting set, which includes calculations such as capital adequacy ratio, interest rate standard ratio arising from banking accounts, value at operational risk and whose format is determined by the BRSA, is also prepared by the Risk Management Unit within the scope of legal reporting and reported to the BRSA. In addition, in accordance with the Regulation on Internal Systems and Internal Capital Adequacy Assessment Process of Banks published by the BRSA in the Official Gazette No. 29057 dated 11 July 2014, the Bank prepares the Internal Capital Adequacy Assessment Process (ICAAP) Report on an annual basis. For the 2022 period, the "Türkiye Kalkınma ve Yatırım Bankası A.Ş. Internal Capital Adequacy Assessment Process (ICAAP) Report" is planned to be prepared by the Risk Management Unit in March 2023, approved by the Board of Directors, and sent to the BRSA.

Turgay Geçer
Chairman of the Audit Committee

Erdal Erdem
Deputy Chairman of the Audit Committee

Salim Can Karaşıklı
Member of the Audit Committee

Ömer Karademir
Member of the Audit Committee

| Risk Management Policies

The general principle of the risk policies to be followed by the Bank is to specialise in the fields of activity that are in line with its mission, vision and structure as defined by the Law on the Establishment of the Bank, to take risks that can be defined, controlled and/or managed in this sense, and to endeavour not to take any risks other than those that are inevitable due to the nature of its activities. In this context, the basic principle is to ensure that the risks to be taken are defined and manageable risks.

In addition to ensuring that the current and potential future effects of the risks taken are measured to the extent permitted by risk measurement and reporting techniques, the Bank sets written limits for quantifiable risks arising from its activities within the framework of Article 38 of the “Regulation on Internal Systems and Internal Capital Adequacy Assessment Process of Banks” published by the BRSA. It is ensured that quantifiable risks remain within these limits approved by the Board of Directors.

Additionally, to the extent permitted by risk measurement and reporting techniques, it is ensured that the current and potential future effects of the risks taken are measured and the Bank’s efforts in this direction continue.

Credit Risk Management Policy

Credit risk is the probability of loss to which the Bank may be exposed due to the failure of the credit customer to fulfil its obligations partially or completely on time by not complying with the contractual requirements. The Bank manages credit risk in accordance with the volume, nature, and complexity of its loans by considering the best practices within the framework of BRSA’s legal regulations and limitations.

The Bank legally calculates the amount subject to credit risk in accordance with the “Regulation on Measurement and Assessment of Capital Adequacy of Banks” and Basel II criteria. It is essential to manage credit risk in a manner that ensures that the legal capital adequacy standard ratio remains above the minimum limit in the current regulations.

The Bank ensures that measurement, monitoring, stress testing and scenario analyses in line with the volume, nature and complexity of the loans are carried out and the results are reported to the Audit Committee and senior management. It is essential that new products and services are evaluated in terms of credit risk. The Bank ensures the identification, measurement and management of credit risks involved in all products and activities, not limited to credit products.

Whether the credit decision support systems are compatible with the structure, size and complexity of the Bank’s activities is constantly analysed and developed by the Board of Directors and adjustments are made to the system when necessary.

In credit risk management, as well as monitoring on customer or company basis, monitoring is also carried out based on the riskiness and composition of the total loan portfolio. Credit risk is monitored and managed based on parameters such as sector, maturity, collateral, region, foreign currency, and loan type. The Bank’s credit risk management policy is based on diversification of the loan portfolio.

Regarding the companies to which the Bank has extended credit, deferred, or rescheduled credit, the financial data of the companies are regularly monitored until the collection and liquidation of the risk is completed. For companies whose risk is above a certain amount or for which an on-site examination is required, examinations and determinations are made both at the company headquarters and on site. A monitoring report including the recommendations developed as a result of the examinations and assessments is prepared. This practice for the Bank’s non-performing loan portfolio continues.

Market Risk Management Policy

The Bank is exposed to market risk due to fluctuations in foreign exchange rates, interest rates and share prices as a result of fluctuations in the financial market due to its activities. The Bank calculates the amount subject to market risk using the standardised method in accordance with the “Regulation on Measurement and Assessment of Capital Adequacy of Banks” and reports to BRSA.

Foreign Exchange Risk Management Policy

The Bank may be exposed to foreign exchange risk due to mismatches in foreign currency assets and liabilities in its balance sheet as a result of changes in foreign exchange rates due to its foreign currency denominated activities.

The Bank’s foreign currency risk management policy is determined as keeping the “Foreign Currency Net General Position/Shareholders’ Equity Standard Ratio” within the legal limits by considering the financial position, current economic developments, and market trends. By maintaining this basic objective, the Bank also pledges its foreign currency holdings at the most favourable interest rates and endeavours to utilise the opportunities that arise in the foreign exchange market at appropriate times and conditions for both asset and liability management purposes.

In order to manage the exchange rate risk within the framework of the above-mentioned policy, forward, futures and swap transactions can be made for hedging purposes within the framework of asset and liability management.

Interest Rate Risk Management Policy Arising from Banking Accounts

The basic policy of the Bank management in interest rate risk management is to protect against the effects of interest rate fluctuations by minimising the maturity mismatches in the balance sheet. Within the framework of this basic principle, optimisation of portfolio allocation in the management of interest rate sensitive assets is ensured by considering duration, interest rate expectations, alternative return, and bearable loss values.

The Bank complies with the risk limits approved by the Board of Directors in the decisions to be taken in interest rate risk management.

Liquidity Risk Management Policy

The basic policy of the Bank’s liquidity risk management is to ensure a high-quality asset structure that can fulfil all kinds of liabilities. Being a specialised bank, the Bank’s liquidity needs are more predictable than those of commercial banks, which ensures the regularity of cash flows arising from liabilities. The compatibility of the type, maturity structures and interest rates of the assets and liabilities in the balance sheet is ensured within the framework of the Asset Liability Management Committee decisions, and liquidity ratios are regularly monitored to ensure that they remain within the legal regulations and risk limits.

In order to manage liquidity risk, the Bank’s asset and liability structure is evaluated in terms of maturities and pro forma cash flows are determined based on foreseeable data. It is essential to place the liquidity surplus in the appropriate place by considering alternative returns and to meet the liquidity need with the most cost-effective resources.

In addition, monthly pro forma cash flows and balance sheet duration regarding the level of fulfilment of medium-long term liabilities are constantly monitored in order to identify risk factors in advance.

Operational Risk Management Policy

The purpose of operational risk management is to determine the risks that the Bank will be exposed to in line with its general strategies and long-term objectives and the strategies to be followed for these risks.

Within the framework of BRSA regulations, the Bank’s operational risk management practices are developed by taking into account the risk of overlooking errors and irregularities as a result of failures in internal controls, failure of the Bank’s management and personnel to act in accordance with the time and conditions, errors and failures in information technology systems, losses that may arise from disasters such as earthquakes, fires and floods, and losses arising from other factors that may occur on the basis of the Bank and the sector. New products and services are evaluated in terms of personnel, process, system, and external operational risks.

In this framework, it is aimed to contribute to the creation of an established and consistent operational risk culture throughout the Bank by defining, identifying, measuring, evaluating, and reporting operational risks.

Reputation Risk Management Policy

It is designed to determine the policies regarding the identification, assessment, control, monitoring, and reporting of the risk of negative perceptions and opinions about the Bank due to reasons that may arise from the Bank’s activities, practices, stakeholders (such as customers, personnel, shareholders) and disclosure to the public.

The Reputation Risk Management Policy aims to establish a consistent approach to the Bank’s reputation risk management, to prevent the direct and indirect possible financial effects of reputation risk, to ensure effective management of unavoidable residual risks, to create personnel awareness and corporate culture regarding reputation risk management, to provide and accumulate information for monitoring reputation risk.

Counterparty Credit Risk Management Policy

The Bank takes necessary measures to limit counterparty credit risks arising from bilateral transactions such as over-the-counter derivative transactions, considering their risk capacities.



Risk Management Policies

Concentration Risk Management Policy

The Bank carries out its activities by considering the concentration risk by considering the concentration of loans in certain geographies and sectors, concentration in the institutions from which resources are obtained, etc. If it is determined that the concentration risk has increased, necessary measures are taken to reduce the risk to an acceptable level.

Information Technologies Risk Policy

The IT Risk Management Policy Document has been designed in accordance with the "Regulation on Information Systems and Electronic Banking Services of Banks" and "ISO 27001 Information Security Management System" in order to monitor operational risks related to information technologies as part of continuous and routine business processes and new business products and plans, taking into account the dependence of the Bank's business processes on Information Technologies (IT) applications and systems and the dynamic change in IT application development, IT system infrastructure and information security requirements.

Any threat, disruption, or misapplication in information technology processes, which are involved in all internal and external activities of the Bank, will inevitably lead to financial, managerial and prestige losses for the Bank. In the information technologies risk management policy, the main principle is to identify the risks and to find solutions and/or take the necessary measures to eliminate them and to systematically monitor this process regarding the existing and potential risks arising from the Bank's applications that can be considered within the scope of information technologies (system, software, data security, data processing, data storage, etc.).

In information technology risk management, annual risk assessment reports, actions to be taken against risks and information on their provision are taken into consideration. Based on the information technologies risk assessment reports, the actions to be taken against the identified risks and whether these actions are fulfilled on time or not are evaluated, and the Board of Directors is informed through the Audit Committee.

Capital Requirement Internal Assessment and Capital Adequacy Policy

The fundamental basis of the Bank's capital requirement internal assessment and capital adequacy policy is to establish robust, effective, and complete strategies and processes for the continuous evaluation and maintenance of the types, components, and distribution of capital that the Bank considers sufficient to cover the risks it is or may be exposed to.

It is essential for the Bank to have an internal capital requirement assessment process that is appropriate to its risk profile according to the complexity and nature of its activities and to set capital targets in line with its risk profile, operating environment, and strategies. Depending on the scale, nature and complexity of the Bank's activities, the internal capital assessment process (ICAAP) is designed, and the results are reported to the Bank's senior management. The design and execution of the internal capital requirement assessment process is provided by the Risk Management Department and presented to the Board of Directors through the Audit Committee.

The Bank's senior management is responsible for making capital planning and management an integrated part of the overall risk management culture and approach. The Bank's senior management ensures that capital planning and management policies and procedures are communicated and implemented throughout the Bank and are supported by adequate authority and resources.

In the event of changes in the Bank's strategies, business plans, operating environment or other factors that may significantly affect the assumptions and methods used in the internal capital requirement assessment process, necessary adjustments are made to the internal capital requirement assessment process. In the Bank, it is essential that the internal assessment process at least covers credit risk, market risk and operational risk included in the capital requirement calculations and all significant risks other than these risks, such as interest rate risk arising from banking accounts, concentration risk, liquidity risk, reputation risk and strategic risk.

In this context, ICAAP has been established and started to be implemented within the Bank in accordance with the "Regulation on Internal Systems and Internal Capital Adequacy Assessment Process of Banks" published in the Official Gazette dated 11.07.2014 and numbered 29057 by the BRSA, which states that "The Bank is responsible for establishing and implementing ICAAP to determine internal capital targets in line with its risk profile and operating environment." Within the scope of the process established within the Bank, the ICAAP report is prepared annually in a comprehensive format based on the year-end financial statements and sent to the BRSA by the end of March each year.

Assessments on Financial Position, Profitability and Solvency

Financial data regarding the Bank's financial position for the periods of December 2021 and December 2022 are presented comparatively in the tables below.

TL Million	31.12.2021	31.12.2022	Change (Value)	Change (%)
Total Assets	48,380.73	91,598.15	43,217.42	89.33
Total Assets (Million USD)	3,682.31	4,895.57	1,213.27	32.95
Loans	37,483.22	60,340.30	22,857.08	60.98
Liabilities	43,917.37	84,754.77	40,837.40	92.99
Equity	4,463.36	6,843.38	2,380.02	53.32
Free Capital (*)	3,885.09	6,076.83	2,191.74	56.41
Total Income	3,697.25	8,664.64	4,967.39	134.35
Total Expenses (including tax)	2,883.33	6,973.27	4,089.94	141.85
Tax Provision	197.68	629.24	431.56	218.31
Profit/Loss	813.92	1,691.37	877.45	107.81
Capital Adequacy St. Ratio (%)	14.26	16.67	2.41	16.90

(*) Free Capital = Shareholders' Equity - (Associates + Subsidiaries + Fixed Assets + Non-Performing Loans (Net) + Deferred Tax Assets + Prepaid Expenses)

In December 2022, the Bank's asset size increased by 89.3% compared to the same period of the previous year and reached approximately TL 91.6 billion. The 189.1% increase in liquid assets (TL 15.9 billion) and the 61.0% increase in loans (TL 22.9 billion) were the main drivers of the asset growth.

The increase in the liabilities side of the balance sheet was driven by the 93.0% increase in liabilities (TL 40.8 billion) and the 53.3% increase in shareholders' equity (TL 2.4 billion).

In addition, while evaluating the increases in assets and liabilities, the Bank's FX-weighted balance sheet and the increases in exchange rates as of this period (42.4% for USD and 34.0% for EUR) should also be taken into consideration. Adjusted for the increase in the basket exchange rate (39.3%) calculated on the basis of the EUR-USD weight in the Bank's foreign currency balance sheet, asset growth was 35.6%.

Looking at the development in the structure of the Bank's assets, it is seen that total loans reached approximately TL 60.3 billion. The share of loans in total assets, which was 77.5% at the end of last year, was 65.9% in 2022.



Assessments on Financial Position, Profitability and Solvency

Structure of Assets (%)	31.12.2021	31.12.2022
Cash and Cash Equivalents	8.82	16.79
GUDF Financial Assets Through Profit/Loss	0.46	0.32
GUDF Contribution to Other Comprehensive Income Financial Assets	8.13	9.44
Other Financial Assets Measured at Amortised Cost	6.22	8.25
Derivative Financial Assets	0.00	0.03
Loans	77.47	65.88
Receivables from Leasing Transactions	0.00	0.00
Associates and Subsidiaries (Net)	0.03	0.02
Tangible and Intangible Fixed Assets (Net)	0.10	0.12
Deferred Tax Asset	0.20	0.18
Other Assets	0.20	0.18
Provision for Expected Losses (-)	1.63	1.21
Total	100.00	100.00

Non-Performing Loans (gross) balance stood at TL 894 million in 2022. The gross NPL ratio decreased from 2.3% at the end of 2021 to 1.5% at the end of 2022. The provisioning ratio for non-performing loans increased by 2% in 2022 compared to 2021 and stood at TL 567.8 million. Accordingly, the ratio of non-performing loans (net)/total loans decreased from 0.87% to 0.54%.

Total Loans (TL Thousand)	31.12.2021	31.12.2022
Loans	37,483,219	60,340,295
Non-Performing Loans (Gross)	855,150	894,374
Provision (-)	528,440	567,821
Non-performing Loans (Net)	326,710	326,553

The Bank's liquid assets increased by 189.1% from TL 8,422 million at the end of 2021 to TL 24,343 million in December 2022. In this development, cash and cash equivalents increased from TL 4,268 million to TL 15,375 million and financial assets at fair value through other comprehensive income increased from TL 3,933 million to TL 8,647 million.

Liquid Assets (TL Thousand)	31.12.2021	31.12.2022
Cash and Cash Equivalents	4,267,617	15,375,077
GUDF Financial Assets through Profit/Loss	220,867	289,829
GUDF Contribution to Other Comprehensive Income Financial Assets	3,932,699	8,646,943
Derivative Financial Assets	365	31,094
Total	8,421,548	24,342,943

The Bank's loan placements are mainly financed by foreign sources. The Bank's loans taken within the resource structure reached approximately TL 63 billion, and their share in total liabilities decreased from 78.5% to 69.1% in the same period. Following the TL 500 million increase in paid-in capital in 2022, shareholders' equity increased to approximately TL 6.8 billion in December 2022 and the share of shareholders' equity in liabilities decreased from 9.2% to 7.5%.

Structure of Liabilities (%)	31.12.2021	31.12.2022
Loans Received	78.47	69.15
Debt to Money Markets	1.31	3.23
Securities Issued	0.00	2.20
Funds	3.16	9.19
Subordinated Debt Instruments	6.93	7.59
Provisions	0.15	0.18
Other Liabilities	0.76	0.99
Shareholders' Equity	9.22	7.47
Profit / Loss for the Period	1.68	1.85
Total	100.00	100.00

Total income increased by 134.4% (TL 4,967 million) to TL 8,664 million, while total expenses rose by 141.9% (TL 4,090 million) to TL 6,973 million. The Bank's net profit for the period increased by 107.8% year-on-year to TL 1,691 million.

Assessments on Financial Position, Profitability and Solvency

Total Income and Expenses (TL Million)	31.12.2021	31.12.2022	Change (Value)	Change (%)
Total Income	3,697	8,664	4,967	134.35
Total Expenses (excluding tax)	2,685	6,344	3,659	136.28
Tax Provision (-)	198	629	431	217.68
Net Profit (Loss)	814	1,691	877	107.74

Sources of Profit/Loss (TL Million)	31.12.2021	31.12.2022
Interest Margin	1,376.8	3,003.0
Foreign Exchange Margin	49.6	-340.7
Fee and Commission Margin	39.1	69.0
Capital Market Transaction Margin	20.3	105.0
Derivative Financial Transactions Margin	-0.7	289.6
Other Income Margin	-473.5	-805.3
Profit Before Tax	1,011.6	2,320.6
Provision for Taxes (-)	197.7	629.2
Net Profit (Loss)	813.9	1,691.4

A breakdown of the structure of the Bank's interest income/expenses reveals that interest income from loans continued to be the determining factor due to its high share in total assets.

The interest margin, which is the most important factor in the Bank's profitability structure, increased by 118.11% (approximately TL 1,626 million) in December 2022 compared to the same month of 2021 and reached TL 3,003 million. As of end-2022, the share of interest income from loans in total interest income decreased from 61.89% to 48.15% compared to end-2021. In 2022, the share of interest income from money market transactions in total interest income increased from 6.29% to 7.02% compared to the same period of the previous year, while the share of interest income from banks in total interest income decreased from 16.79% to 15.94% in the same period. The share of interest income from securities in total interest income increased from 15.03% to 28.86% from end-2021 to end-2022.

Structure of Interest Income / Expenses (%)	31.12.2021	31.12.2022
Interest Income	100	100
Loans	61.89	48.15
Banks	16.79	15.94
Money Market Transactions	6.29	7.02
Marketable Securities	15.03	28.86
Other	0	0.03
Interest Expenses	100	100
Money Market Transactions	4.84	7.77
Loans Utilized	91.6	84.46
Other	3.56	7.77

The Bank's return on average assets remained flat at 2.39% compared to 2.38% in the same period of the previous year, while return on average equity increased from 20.16% to 31.14%.

Shareholders' equity increased to approximately TL 6.8 billion in December 2022, following the TL 500 million increase in paid-in capital in December 2021, and the share of shareholders' equity in liabilities rose from 9.2% to 7.5%.

As of end-December 2022, the Bank's statutory shareholders' equity increased to TL 12,917.1 million, while the amount subject to credit risk was calculated as TL 75,499.9 million, the amount subject to market risk as TL 107.5 million and the amount subject to operational risk as TL 1,883.2 million. As a result, the Bank's SYSR, which was 14.26% in December 2021, was realised as 16.67% as of the end of December 2022.

Information on the Bank's Transactions with the Risk Group to which the Bank Belongs

The Bank's Chairman and members of the Board of Directors, General Manager and Executive Vice Presidents do not have any shareholding in the Bank's capital. None of the members of the Bank's Board of Directors or executives have any guarantee or collateral given in their favour for any loan or other debt, even through a third party.

Credit Ratings

Development Investment Bank's 2021-2022 rating was assigned by Fitch Ratings.

On 26 July 2022, Fitch Ratings revised the Bank's rating as B and outlook as "Negative" due to the downgrade in the sovereign rating.

Foreign Currency	Rating	Outlook
Long Term	B	Negative
Short Term	B	
Turkish Lira		
Long Term	B	Negative
Short Term	B	
National		
Long Term	AAA (TUR)	Negative
State Support Grade	b	

Selected Summary Financial Information and Indicative Ratios for the Period 2018-2022

(TL Million)	2018	2019	2020	2021	2022
TOTAL ASSETS	15,714.80	19,375.90	28,073.40	48,380.7	91,598.2
FINANCIAL ASSETS	1,895.60	3,242.70	6,141.90	8,421.5	24,342.9
TOTAL LOANS	13,714.40	15,127.80	20,402.70	37,483.2	60,340.3
NON-PERFORMING LOANS (NET)	50.3	5.6	68.1	326.7	326.6
TOTAL LIABILITIES	14,297.50	17,019.50	24,485.20	43,917.4	84,754.8
PAID-IN CAPITAL	500	850	1,600.00	2,000.0	2,500.0
EQUITY	1,417.30	2,356.40	3,588.20	4,463.4	6,843.4
NET INTEREST INCOME	456.7	707.7	737.3	1,376.8	3,003.0
NET PROFIT	160.3	447.1	501.8	813.9	1,691.4

(%)	2018	2019	2020	2021	2022
TOTAL LOANS/TOTAL ASSETS	865	77.5	72.1	77.5	65.9
NON-PERFORMING LOANS (GROSS)/TOTAL LOANS (GROSS)	0.9	0.8	1.1	2.3	1.5
FOREIGN ASSETS/TOTAL LIABILITIES	91	87.8	87.2	90.8	92.5
EQUITY/TOTAL ASSETS	9	12.2	12.8	9.2	7.5
CAPITAL ADEQUACY STANDARD RATIO	14.2	22.3	22.4	14.3	16.7
RETURN ON AVERAGE ASSETS	1	2.6	2.2	2.4	2.4
AVERAGE RETURN ON EQUITY	11.3	23.7	19.5	20.2	31.1

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Unconsolidated Financial Statements
As at and For the Year Ended
31 December 2022 With
Independent Auditor's Report

(Convenience Translation of Unconsolidated
Financial Statements and Related Disclosures and
Footnotes Originally Issued in Turkish)



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Convenience Translation of the Independent Auditor's Report Originally Prepared and Issued in Turkish to English

To the Shareholders of Türkiye Kalkınma ve Yatırım Bankası Anonim Şirketi

A) Audit of the Unconsolidated Financial Statements

Opinion

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

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

Basis for Opinion

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



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

Key Audit Matters

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

Impairment of loans measured at amortised cost

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

Key audit matter	How the matter is addressed in our audit
As of 31 December 2022, loans amount comprise 66% of Bank's total assets. The Bank recognizes its loans measured at amortised cost in accordance with the Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside (the "Regulation") published on the Official Gazette No. 29750 dated 22 June 2016 which became effective on 1 January 2018 and TFRS 9 Financial Instruments standard ("Standard"). As of 1 January 2019, due to the new adoption of the Standard, in determining the impairment of financial assets the Bank started to apply "expected credit loss model" instead of the "incurred loss model". The new model contains significant assumptions and estimates. The significant assumptions and estimates of the Bank's management are as follows: • determination of significant increase in credit risk since initial recognition of loans in financial statements. • incorporating the forward looking macroeconomic information in calculation of credit risk.	Our procedures for auditing the impairment of loans measured at amortised cost include below: • We tested the design and operating effectiveness of the controls on lending, collateralization, collection, follow-up, classification and impairment procedures are tested with the involvement of information risk management specialists. We evaluated the adequacy of the subjective and objective criteria that is defined in the Bank's impairment accounting policy compared with the Regulation and Standard. • We evaluated the model and methodology and the evaluation of the calculations carried out with the control testing and detail analysis by the involvement of specialists. • We performed loan reviews for selected loan samples which include a detailed examination of loan files and related information and testing their classification. In this context, the current status of the loan customer has been evaluated prospective information and macroeconomic variables.



• design and implementation of expected credit loss model. The determination of the impairment of loans measured at amortised cost depends on the credit default status, the model based on the change in the credit risk at the first recognition date and the classification of the loans measured at amortised cost according to the model. Establishing an accurate classification is a significant process as the calculation of expected credit loss varies to the staging of the financial assets. The Bank calculates expected credit losses on both an individual and a collective basis. Individual provisions consider the estimated future performance of the business and the fair value of the collateral provided for credit transactions. The collective basis expected credit loss calculation is based on complex processes which are modelled by using current and past data sets and expectations. The completeness and accuracy of data sets in the model are also considered and the forward looking expectations are reflected by macroeconomic models. Impairment on loans measured at amortised cost is determined as a key audit matter, due to the significance of the estimates, assumptions, the level of judgements and its complex structure as explained above.	• We evaluated the accuracy of the expected credit loss calculations for the loans which are assessed on individual basis on the assumptions and estimates. • We tested the accuracy and completeness of the data in the calculation models for the loans which are assessed on collective basis. The expected credit loss calculation was tested through recalculation. The models used for the calculation of the risk parameters were examined and the risk parameters for the selected sample portfolios were recalculated. • We assessed the macroeconomic models that are used to reflect forward looking expectations and tested the effect of the risk parameters by recalculation method. • We evaluated the qualitative and quantitative assessments which are used in determining the significant increase in credit risk. • We evaluated the adequacy of the disclosures in the unconsolidated financial statements related to impairment provisions.
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Responsibilities of Management and Those Charged with Governance for the Unconsolidated Financial Statements

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

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



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

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

Responsibilities of auditors in an audit are as follows:

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

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

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

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

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





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

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

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

B) Report on Other Legal and Regulatory Requirements

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

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

Additional paragraph for convenience translation to English:

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

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

Orhan Akova
Partner, SMMM

9 February 2023
İstanbul, Türkiye



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

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

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

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

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

Dr. Raci KAYA
Chairman of the Board

İbrahim H. ÖZTOP
CEO and Board Member

Dr. Turgay GEÇER
Chairman of Audit Committee

Erdal ERDEM
Deputy Chairman of Audit Committee

Salim Can KARASIKLI
Member of Audit Committee

Ömer KARADEMİR
Member of Audit Committee

Nuri Yasin KÜLAHÇI
Executive Vice President

Aydın TOSUN
Head of Financial Affairs

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

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



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TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2022

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

SECTION ONE

GENERAL INFORMATION

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

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

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

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

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

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

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

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

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

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2022

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

SECTION ONE (Continued)

GENERAL INFORMATION (Continued)

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

Chairman and Members of the Board of Directors:

Name Surname	Duty	Assignment Date	Education Level	Experience in Banking Sector (Years)
Dr. Raci KAYA	Chairman of the Board	09.11.2020	Doctorate	33
Ömer KARADEMİR ^(*)	Deputy Chairman of the Board	25.03.2022	Master’s Degree	16
İbrahim H. ÖZTOP	CEO and Board Member	13.12.2018	Master’s Degree	26
Salim Can KARAŞIKLI	Board Member	13.12.2018	Bachelor’s Degree	28
Dr. Turgay GEÇER	Board Member	27.05.2019	Doctorate	31
Erdal ERDEM	Board Member	10.07.2020	Bachelor’s Degree	27
Onur GÖK ^(*)	Board Member	21.06.2022	Master’s Degree	11

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

General Manager, Executive Vice Presidents^(**):

Name Surname	Duty	Assignment Date	Education Level	Experience in Banking Sector (Years)
İbrahim H. ÖZTOP	General Manager / Information Security, Legal Affairs, CEO and Board of Directors Office Services and all other areas	16.08.2018	Master’s Degree	26
Satı BALCI	EVP / Subsidiaries and Corporate Relations, Loan Operations, Treasury and Capital Markets Operations, Turkey Development Fund	07.11.2017	Bachelor’s Degree	34
Seçil KIZILKAYA YILDIZ	EVP / Financial Analysis and Valuation, Engineering, Economic Research, Sectoral Research, Mergers and Acquisition Advisory, Capital Markets Advisory, Financial Advisory, Corporate Communications, Sustainability and Environmental Social Impact Management	08.03.2019	Bachelor’s Degree	23
Emine Özlem CİNEMRE	EVP / Treasury, Financial Institutions, Development Finance Institutions, Development Cooperation and Wholesale Banking	20.05.2019	Bachelor’s Degree	35
Ali YUNUSLAR	EVP / IT Application Development, IT System and Infrastructure, Enterprise Architecture and Project Management	08.02.2022	Master’s Degree	21
Yeşim ŞİMŞEK ^(*)	EVP / Corporate Banking and Project Finance, Corporate Banking Sales	06.06.2022	Bachelor’s Degree	32
Muzaffer Gökhan SONGÜL ^(***)	EVP / Loan Allocation, Loan Monitoring	05.09.2022	Master’s Degree	19
Nuri Yasin KÜLAHÇI ^(****)	EVP / Human Resources, Support Services, Financial Affairs, Strategy and Organization, Budget and Cost Management	18.10.2022	Master’s Degree	17

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

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

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

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

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

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2022

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

SECTION ONE (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 Turkey Ministry of Treasury and Finance owns 99,08% of the shares of the Bank.

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

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

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

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

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

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

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

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

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

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

SECTION TWO

UNCONSOLIDATED FINANCIAL STATEMENTS

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



TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Unconsolidated Balance Sheet
(Statement of Financial Position)
as of 31 December 2022

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

I. BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)		Notes	Audited Current Period 31 December 2022			Audited Prior Period 31 December 2021		
ASSETS		(Section Five I)	TL	FC	TOTAL	TL	FC	TOTAL
I.	FINANCIAL ASSETS (NET)	(1)	18.032.182	6.310.761	24.342.943	4.932.631	3.488.917	8.421.548
1.1	Cash and Cash Equivalents		14.388.882	986.195	15.375.077	3.939.038	328.579	4.267.617
1.1.1	Cash and Balances with Central Bank		835	-	835	2.051	-	2.051
1.1.2	Banks		7.771.783	986.195	8.757.978	2.950.096	328.579	3.278.675
1.1.3	Money Markets		6.634.417	-	6.634.417	993.282	-	993.282
1.1.4	Expected Credit Loss (-)		(18.153)	-	(18.153)	(6.391)	-	(6.391)
1.2	Financial Assets Measured at Fair Value Through Profit or Loss		132.363	157.466	289.829	7.124	213.743	220.867
1.2.1	Government Securities		-	-	-	-	-	-
1.2.2	Equity Securities		132.363	157.466	289.829	-	213.743	213.743
1.2.3	Other Financial Assets		-	-	-	7.124	-	7.124
1.3	Financial Assets Measured at Fair Value Through Other Comprehensive Income		3.479.843	5.167.100	8.646.943	986.104	2.946.595	3.932.699
1.3.1	Government Securities		2.346.094	3.580.286	5.926.380	959.627	1.720.811	2.680.438
1.3.2	Equity Securities		17.174	-	17.174	16.477	-	16.477
1.3.3	Other Financial Assets		1.116.575	1.586.814	2.703.389	10.000	1.225.784	1.235.784
1.4	Derivative Financial Assets		31.094	-	31.094	365	-	365
1.4.1	Derivative Financial Assets Measured at Fair Value Through Profit or Loss		31.094	-	31.094	365	-	365
1.4.2	Derivative Financial Assets Measured at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
II.	FINANCIAL ASSETS MEASURED AT AMORTISED COST (NET)	(2)	12.915.909	53.876.990	66.792.899	2.613.432	37.092.441	39.705.873
2.1	Loans		10.460.592	49.879.703	60.340.295	3.239.180	34.244.039	37.483.219
2.2	Lease Receivables		1	-	1	-	-	-
2.3	Factoring Receivables		-	-	-	-	-	-
2.4	Other Financial Assets Measured at Amortised Cost		3.564.936	3.997.287	7.562.223	163.990	2.848.402	3.012.392
2.4.1	Government Securities		3.564.936	3.997.287	7.562.223	163.990	2.848.402	3.012.392
2.4.2	Other Financial Assets		-	-	-	-	-	-
2.5	Expected Credit Loss (-)		(1.109.620)	-	(1.109.620)	(789.738)	-	(789.738)
III.	ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	(3)	-	-	-	-	-	-
3.1	Held for Sale Purpose		-	-	-	-	-	-
3.2	Related to Discontinued Operations		-	-	-	-	-	-
IV.	EQUITY INVESTMENTS	(4)	14.636	-	14.636	13.169	-	13.169
4.1	Associates (Net)		10.586	-	10.586	10.119	-	10.119
4.1.1	Associates Accounted Based on Equity Method		-	-	-	-	-	-
4.1.2	Unconsolidated Financial Subsidiaries		10.586	-	10.586	10.119	-	10.119
4.2	Subsidiaries (Net)		4.050	-	4.050	3.050	-	3.050
4.2.1	Unconsolidated Financial Subsidiaries		4.050	-	4.050	3.050	-	3.050
4.2.2	Unconsolidated Non-Financial Subsidiaries		-	-	-	-	-	-
4.3	Joint Ventures (Net)		-	-	-	-	-	-
4.3.1	Joint Ventures Accounted Based on Equity Method		-	-	-	-	-	-
4.3.2	Unconsolidated Joint Ventures		-	-	-	-	-	-
V.	TANGIBLE ASSETS (Net)	(6)	88.099	-	88.099	27.424	-	27.424
VI.	INTANGIBLE ASSETS (Net)	(7)	21.596	-	21.596	21.873	-	21.873
6.1	Goodwill		-	-	-	-	-	-
6.2	Other		21.596	-	21.596	21.873	-	21.873
VII.	INVESTMENT PROPERTY (Net)	(8)	-	-	-	-	-	-
VIII.	CURRENT TAX ASSET	(9)	-	-	-	-	-	-
IX.	DEFERRED TAX ASSET	(10)	168.840	-	168.840	95.478	-	95.478
X.	OTHER ASSETS	(11)	50.761	118.378	169.139	25.858	69.511	95.369
TOTAL ASSETS			31.292.023	60.306.129	91.598.152	7.729.865	40.650.869	48.380.734

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



TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Unconsolidated Balance Sheet
(Statement of Financial Position)
as of 31 December 2022

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

I. BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)		Notes	Audited Current Period 31 December 2022			Audited Prior Period 31 December 2021		
LIABILITIES		(Section Five II)	TL	FC	TOTAL	TL	FC	TOTAL
I.	DEPOSITS	(1)	-	-	-	-	-	-
II.	FUNDS BORROWED	(2)	8.959.064	54.380.664	63.339.728	2.376.145	35.586.672	37.962.817
III.	MONEY MARKET FUNDS	(3)	2.960.566	-	2.960.566	636.329	-	636.329
IV.	SECURITIES ISSUED (Net)	(4)	-	2.018.433	2.018.433	-	-	-
4.1	Bills		-	-	-	-	-	-
4.2	Asset Backed Securities		-	-	-	-	-	-
4.3	Bonds		-	2.018.433	2.018.433	-	-	-
V.	FUNDS	(5)	6.158.015	2.260.810	8.418.825	463.536	1.065.255	1.528.791
5.1	Borrower Funds		1.626.575	1.425.057	3.051.632	443.427	319.769	763.196
5.2	Other		4.531.440	835.753	5.367.193	20.109	745.486	765.595
VI.	FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	(6)	-	-	-	-	-	-
VII.	DERIVATIVE FINANCIAL LIABILITIES	(7)	11.157	-	11.157	26.693	-	26.693
7.1	Derivative Financial Liabilities at Fair Value Through Profit or Loss		11.157	-	11.157	26.693	-	26.693
7.2	Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
VIII.	FACTORING LIABILITIES	(8)	-	-	-	-	-	-
IX.	LEASE LIABILITIES (Net)	(9)	22.889	-	22.889	9.903	-	9.903
X.	PROVISIONS	(11)	164.441	-	164.441	72.772	-	72.772
10.1	Restructuring Provisions		-	-	-	-	-	-
10.2	Reserve for Employee Benefits		112.491	-	112.491	50.097	-	50.097
10.3	Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4	Other Provisions		51.950	-	51.950	22.675	-	22.675
XI.	CURRENT TAX LIABILITY	(12)	286.521	-	286.521	24.354	-	24.354
XII.	DEFERRED TAX LIABILITY	(13)	-	-	-	-	-	-
XIII.	LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)	(14)	-	-	-	-	-	-
13.1	Held for Sale Purpose		-	-	-	-	-	-
13.2	Related to Discontinued Operations		-	-	-	-	-	-
XIV.	SUBORDINATED DEBT INSTRUMENTS	(15)	2.301.046	4.646.290	6.947.336	-	3.350.857	3.350.857
14.1	Borrowings		2.301.046	4.646.290	6.947.336	-	3.350.857	3.350.857
14.2	Other Debt Instruments		-	-	-	-	-	-
XV.	OTHER LIABILITIES	(16)	268.330	316.544	584.874	86.811	218.043	304.854
XVI.	SHAREHOLDERS' EQUITY	(17)	6.855.301	(11.919)	6.843.382	4.496.663	(33.299)	4.463.364
16.1	Paid-in capital		2.500.000	-	2.500.000	2.000.000	-	2.000.000
16.2	Capital Reserves		210.112	-	210.112	209.821	-	209.821
16.2.1	Share Premium		4.038	-	4.038	3.747	-	3.747
16.2.2	Share Cancellation Profits		-	-	-	-	-	-
16.2.3	Other Capital Reserves		206.074	-	206.074	206.074	-	206.074
16.3	Accumulated Other Comprehensive Income or Loss that will not be Reclassified to Profit or Loss		(506)	-	(506)	(998)	-	(998)
16.4	Accumulated Other Comprehensive Income or Loss that will be Reclassified to Profit or Loss		176.527	(11.919)	164.608	10.040	(33.299)	(23.259)
16.5	Profit Reserves		2.277.800	-	2.277.800	1.463.876	-	1.463.876
16.5.1	Legal Reserves		135.300	-	135.300	94.604	-	94.604
16.5.2	Status Reserves		-	-	-	-	-	-
16.5.3	Extraordinary Reserves		2.088.274	-	2.088.274	1.315.798	-	1.315.798
16.5.4	Other Profit Reserves		54.226	-	54.226	53.474	-	53.474
16.6	Profit or (Loss)		1.691.368	-	1.691.368	813.924	-	813.924
16.6.1	Prior Periods' Profit or (Loss)		-	-	-	-	-	-
16.6.2	Current Period Profit or (Loss)		1.691.368	-	1.691.368	813.924	-	813.924
TOTAL LIABILITIES			27.987.330	63.610.822	91.598.152	8.193.206	40.187.528	48.380.734

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



TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Unconsolidated Statement of Off-Balance Sheet Accounts as of 31 December 2022

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

II.	STATEMENT OF OFF-BALANCE SHEET ACCOUNTS	Note (Section Five III)	Audited Current Period 31 December 2022			Audited Prior Period 31 December 2021		
			TL	FC	Total	TL	FC	Total
A.	OFF-BALANCE SHEET COMMITMENTS (I+II+III)		15.895.680	24.864.825	40.760.505	2.387.722	8.442.355	10.830.077
I.	GUARANTEES AND WARRANTIES	(1)	72.418	2.969.043	3.041.461	53.172	2.252.675	2.305.847
1.1	Letters of Guarantee		72.418	2.408.778	2.481.196	53.172	1.869.236	1.922.408
1.1.1	Guarantees Subject to State Tender Law		-	-	-	-	-	-
1.1.2	Guarantees Given for Foreign Trade Operations		1	-	1	1	-	1
1.1.3	Other Letters of Guarantee		72.417	2.408.778	2.481.195	53.171	1.869.236	1.922.407
1.2	Bank Acceptances		-	-	-	-	-	-
1.2.1	Import Letter of Acceptance		-	-	-	-	-	-
1.2.2	Other Bank Acceptances		-	-	-	-	-	-
1.3	Letters of Credit		-	118.700	118.700	-	54.972	54.972
1.3.1	Documentary Letters of Credit		-	118.700	118.700	-	-	-
1.3.2	Other Letters of Credit		-	-	-	-	54.972	54.972
1.4	Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5	Endorsements		-	-	-	-	-	-
1.5.1	Endorsements to the Central Bank of the Republic of Turkey		-	-	-	-	-	-
1.5.2	Other Endorsements		-	-	-	-	-	-
1.6	Purchase Guarantees on Marketable Security Issuance		-	-	-	-	-	-
1.7	Factoring Guarantees		-	-	-	-	-	-
1.8	Other Guarantees		-	441.565	441.565	-	328.467	328.467
1.9	Other Collaterals		-	-	-	-	-	-
II.	COMMITMENTS	(1,3)	4.274.782	8.176.009	12.450.791	1.916.978	4.052.963	5.969.941
2.1	Irrevocable Commitments		376.782	291.108	667.890	269.737	133.925	403.662
2.1.1	Asset Purchase and Sale Commitments		248.875	285.102	533.977	32.861	102.069	134.930
2.1.2	Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3	Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4	Loan Granting Commitments		-	-	-	-	-	-
2.1.5	Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6	Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7	Commitments for Cheques		-	-	-	-	-	-
2.1.8	Tax and Fund Liabilities from Export Commitments		-	-	-	-	-	-
2.1.9	Commitments for Credit Card Limits		-	-	-	-	-	-
2.1.10	Commitments for Credit Cards and Banking Services Promotions		-	-	-	-	-	-
2.1.11	Receivables from Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12	Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.13	Other Irrevocable Commitments		127.907	6.006	133.913	236.876	31.856	268.732
2.2	Revocable Commitments		3.898.000	7.884.901	11.782.901	1.647.241	3.919.038	5.566.279
2.2.1	Revocable Loan Granting Commitments		3.898.000	7.884.901	11.782.901	1.647.241	3.919.038	5.566.279
2.2.2	Other Revocable Commitments		-	-	-	-	-	-
III.	DERIVATIVE FINANCIAL INSTRUMENTS	(2)	11.548.480	13.719.773	25.268.253	417.572	2.136.717	2.554.289
3.1	Hedging Derivative Financial Instruments		-	-	-	-	-	-
3.1.1	Transactions for Fair Value Hedge		-	-	-	-	-	-
3.1.2	Transactions for Cash Flow Hedge		-	-	-	-	-	-
3.1.3	Transactions for Foreign Net Investment Hedge		-	-	-	-	-	-
3.2	Trading Transactions		11.548.480	13.719.773	25.268.253	417.572	2.136.717	2.554.289
3.2.1	Forward Foreign Currency Buy/Sell Transactions		-	-	-	-	-	-
3.2.1.1	Forward Foreign Currency Transactions-Buy		-	-	-	-	-	-
3.2.1.2	Forward Foreign Currency Transactions-Sell		-	-	-	-	-	-
3.2.2	Swap Transactions Related to Foreign Currency and Interest Rates		11.548.480	13.719.773	25.268.253	417.572	2.136.717	2.554.289
3.2.2.1	Foreign Currency Swap-Buy		4.004.626	8.635.997	12.639.723	417.572	846.860	1.264.432
3.2.2.2	Foreign Currency Swap-Sell		7.543.854	5.084.676	12.628.530	-	1.289.857	1.289.857
3.2.2.3	Interest Rate Swap-Buy		-	-	-	-	-	-
3.2.2.4	Interest Rate Swap-Sell		-	-	-	-	-	-
3.2.3	Foreign Currency, Interest rate and Securities Options		-	-	-	-	-	-
3.2.3.1	Foreign Currency Options-Buy		-	-	-	-	-	-
3.2.3.2	Foreign Currency Options-Sell		-	-	-	-	-	-
3.2.3.3	Interest Rate Options-Buy		-	-	-	-	-	-
3.2.3.4	Interest Rate Options-Sell		-	-	-	-	-	-
3.2.3.5	Securities Options-Buy		-	-	-	-	-	-
3.2.3.6	Securities Options-Sell		-	-	-	-	-	-
3.2.4	Foreign Currency Futures		-	-	-	-	-	-
3.2.4.1	Foreign Currency Futures-Buy		-	-	-	-	-	-
3.2.4.2	Foreign Currency Futures-Sell		-	-	-	-	-	-
3.2.5	Interest Rate Futures		-	-	-	-	-	-
3.2.5.1	Interest Rate Futures-Buy		-	-	-	-	-	-
3.2.5.2	Interest Rate Futures-Sell		-	-	-	-	-	-
3.2.6	Other		-	-	-	-	-	-
B.	CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		34.846.478	138.878.523	173.725.001	11.329.202	95.510.930	106.840.132
IV.	ITEMS HELD IN CUSTODY		145.502	-	145.502	336.689	-	336.689
4.1	Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2	Investment Securities Held in Custody		145.502	-	145.502	336.689	-	336.689
4.3	Checks Received for Collection		-	-	-	-	-	-
4.4	Commercial Notes Received for Collection		-	-	-	-	-	-
4.5	Other Assets Received for Collection		-	-	-	-	-	-
4.6	Assets Received for Public Offering		-	-	-	-	-	-
4.7	Other Items Under Custody		-	-	-	-	-	-
4.8	Custodians		-	-	-	-	-	-
V.	PLEDGES RECEIVED		34.700.976	138.878.523	173.579.499	10.992.513	95.510.930	106.503.443
5.1	Marketable Securities		14.456.671	-	14.456.671	842.803	-	842.803
5.2	Guarantee Notes		23.802	8.409.098	8.432.900	29.532	6.872.286	6.901.818
5.3	Commodity		-	-	-	-	-	-
5.4	Warranty		-	-	-	-	-	-
5.5	Immovable		18.515.370	112.182.375	130.697.745	9.711.005	72.054.301	81.765.306
5.6	Other Pledged Items		1.552.935	14.503.877	16.056.812	167.279	12.667.237	12.834.516
5.7	Pledged Items-Depository		152.198	3.783.173	3.935.371	241.894	3.917.106	4.159.000
VI.	ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		-	-	-	-	-	-
	TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		50.742.158	163.743.348	214.485.506	13.716.924	103.953.285	117.670.209

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

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Unconsolidated Statement of Profit or Loss for the Period Ended 31 December 2022

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

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

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

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Unconsolidated Statement of Profit or Loss and Other Comprehensive Income For the Period Ended 31 December 2022

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

IV. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	Audited Current Period 1 January-31 December 2022	Audited Prior Period 1 January-31 December 2021
I. CURRENT PERIOD PROFIT/LOSS	1.691.368	813.924
II. OTHER COMPREHENSIVE INCOME	188.359	(38.823)
2.1 Not Reclassified to Profit or Loss	492	(650)
2.1.1 Property and Equipment Revaluation Increase/Decrease	-	-
2.1.2 Intangible Assets Revaluation Increase/Decrease	-	-
2.1.3 Defined Benefit Pension Plan Remeasurement Gain/Loss	656	(813)
2.1.4 Other Comprehensive Income Items Not Reclassified Through Profit or Loss	-	-
2.1.5 Tax Related Other Comprehensive Income Items Not Reclassified Through Profit or Loss	(164)	163
2.2 Reclassified to Profit or Loss	187.867	(38.173)
2.2.1 Foreign Currency Translation Differences	-	-
2.2.2 Valuation and/or Reclassification Income/Expense of the Financial Assets at Fair Value through Other Comprehensive Income	254.441	(56.766)
2.2.3 Cash Flow Hedge Income/Loss	-	-
2.2.4 Foreign Net Investment Hedge Income/Loss	-	-
2.2.5 Other Comprehensive Income Items Reclassified Through Profit or Losses	1.467	-
2.2.6 Tax Related Other Comprehensive Income Items Reclassified Through Profit or Loss	(68.041)	18.593
III. TOTAL COMPREHENSIVE INCOME (I+II)	1.879.727	775.101

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



TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Unconsolidated Statement of Changes in Shareholders' Equity for the Period Ended 31 December 2022

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

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Paid-in Capital	Share Premium	Share Certificate Issued 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
					1	2	3	4	5	6				
Prior Period 31 December 2021	I. Balance at the beginning of the period	1.600.000	3.683	-	-	-	-	-	14.914	-	1.262.036	501.840	-	3.588.199
	II. Adjustments in accordance with TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-
	2.1 Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-
	2.2 Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-
	III. New balance (I+II)	1.600.000	3.683	-	-	-	-	-	14.914	-	1.262.036	501.840	-	3.588.199
	IV. Total comprehensive income (loss)	-	-	-	-	-	-	-	(38.173)	-	(300.000)	-	813.924	775.101
	V. Capital increase in cash	100.000	64	-	-	-	-	-	-	-	-	-	-	100.064
	VI. Capital increase through internal reserves	300.000	-	-	-	-	-	-	-	-	-	-	-	-
	VII. Issued capital inflation adjustment difference	-	-	-	-	-	-	-	-	-	-	-	-	-
	VIII. Convertible bonds	-	-	-	-	-	-	-	-	-	-	-	-	-
	IX. Subordinated debt	-	-	-	-	-	-	-	-	-	-	-	-	-
	X. Increase (decrease) through other changes, equity	-	-	-	-	-	-	-	-	-	501.840	(501.840)	-	-
Current Period 31 December 2022	XI. Profit distribution	-	-	-	-	-	-	-	-	-	-	-	-	-
	11.1 Dividends distributed	-	-	-	-	-	-	-	-	-	-	-	-	-
	11.2 Dividends to legal reserves	-	-	-	-	-	-	-	-	-	501.840	(501.840)	-	-
	11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-
	Balances (III+IV+...+X+XI)	2.000.000	3.747	-	206.074	(998)	-	-	(23.259)	-	1.463.876	-	813.924	4.463.364
	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)	500.000	291	-	-	492	-	-	186.400	1.467	-	-	1.691.368	1.879.727
	V. Capital increase in cash	-	-	-	-	-	-	-	-	-	-	-	-	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	-	-	-	-	-	-	-	-	-	-	-	-	-
	11.1 Dividends distributed	-	-	-	-	-	-	-	-	-	-	-	-	-
	11.2 Dividends to legal reserves	-	-	-	-	-	-	-	-	-	-	-	-	-
	11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-
	Balances (III+IV+...+X+XI)	2.500.000	4.038	-	206.074	(506)	-	-	163.141	1.467	2.277.800	-	1.691.368	6.843.382

1. Tangible and Intangible Assets Revaluation Reserve,
2. Accumulated Gains / Losses on Remeasurements of Defined Benefit Plans,
3. Other (Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will not be Reclassified to Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income that will not be Reclassified to Profit or Loss),
4. Exchange Differences on Translation,
5. Accumulated gains (losses) due to revaluation and/or reclassification of financial assets measured at fair value through other comprehensive income,
6. Other (Accumulated Gains or Losses on Cash Flow Hedges, Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will be Reclassified to Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income that will be Reclassified to Profit or Loss).

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



TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Unconsolidated Statement of Cash Flows for the Period Ended 31 December 2022

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

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

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



TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Statement of Profit Distribution for the Period Ended 31 December 2022

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

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

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

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

(***) Shown with full TL amount.



TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2022

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SECTION THREE

ACCOUNTING POLICIES

I. Explanations on Basis of Presentation:

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

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

In accordance with the “Communiqué on Financial Statements to be Disclosed to Public by Banks and Explanations and Footnotes Thereof”, published in the Official Gazette No. 30673, dated 1 February 2019, accompanying financial statements as of 31 December 2022 are aligned with latest financial statement format.

b. Changes in accounting policies and disclosures:

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

In the announcement dated 20 January 2022 made by the POA, it has been stated that companies applying TFRS will not need to make any adjustments in their financial statements within the scope of the TAS 29 Financial Reporting Standard in Hyperinflationary Economies. Since the POA did not make any new announcement, while preparing the financial statements as of 31 December 2022, no inflation adjustment was made according to TAS 29.

c. Other issues:

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

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2022

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

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

Accounting policies for the preparation of financial statements and valuation principles used are applied in accordance with BRSA Accounting and Financial Reporting Legislation.

Those accounting policies and valuation principles are explained below notes through II – XXIII.

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

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

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

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

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

Commercial placements are directed to high-profit and low-risk assets by taking Bank-specific and domestic economic expectations, market conditions, expectations and inclinations of loan customers, risks like interest, liquidity, exchange rate etc. into account, and safety policy is kept in the foreground for placement activities. Basic macro goals concerning balance sheet sizes are determined during budgeting and the transactions are carried out according to work programs prepared in this context.

The exchange rates, interest and price movements are closely monitored; transaction and control limits that are developed from the Bank's previous experiences are based on when taking positions as well as legal limits. In this way, limit excesses are prevented.

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Notes to the Unconsolidated
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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

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

During foreign currency transactions, procedures detailed below are applied.

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

IV. Explanations on Associates and Subsidiaries:

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

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

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

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

VI. Explanations on Interest Income and Expenses:

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

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

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

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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.

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ACCOUNTING POLICIES (Continued)

VIII. Explanations on Financial Assets (Continued):

Financial Assets Measured at Fair Value through Profit and Loss:

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

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

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

Financial Assets Measured at Fair Value Through Other Comprehensive Income:

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

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

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

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

VIII. Explanations on Financial Assets (Continued):

Equity Instruments Measured at Fair Value Through Other Comprehensive Income

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

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

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

Financial Investments Measured at Amortised Cost and Loans:

Financial Investments Measured at Amortised Cost

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

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

Loans

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

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

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

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

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2022

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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

VIII. Explanations on Financial Assets (Continued):

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

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

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

Cash and Cash Equivalents:

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

IX. Explanations on Impairment of Financial Assets:

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

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

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

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

(a) the amount weighted according to the neutrality and probabilities determined by evaluating the possible outcome range,

(b) time value of money,

(c) reasonable and supportable information on past events, current conditions and forecasts of future economic conditions that can be obtained without incurring excessive cost or effort as of the reporting date.

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

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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

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

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

Significant Increase in Credit Risk

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

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

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

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

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



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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

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

Significant Increase in Credit Risk (Continued)

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

Definition of Default

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

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

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

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

12 Month Expected Loss

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

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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

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

Lifetime Expected Loss

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

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

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

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

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

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

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

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

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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.

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SECTION THREE (Continued)**ACCOUNTING POLICIES (Continued)****XII. Explanations on Fixed Assets Held for Sale and Discontinued Operations and Related Liabilities:**

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

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

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

XIII. Explanations on Goodwill and Other Intangible Assets:

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

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

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

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

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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XIV. Explanations on Tangible Fixed Assets:

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

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

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

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

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

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

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

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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XV. Explanations on Leasing Transactions:

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

The Bank as a Lessee

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

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

The Bank as a Lessor

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

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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XVI. Explanations on Provisions and Contingent Liabilities:

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

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

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

XVII. Explanations on Employee Benefit Liabilities:

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

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

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

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate -unless it is negative- applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as of 31 December 2022, the provision has been calculated by estimating the present value of the future probable obligation of the Bank arising from the retirement of the employees. The provisions at the respective balance sheet date have been calculated with a discount rate of 1,91% (31 December 2021: 1,34%). The maximum amount of full TL 19.982,83 effective from 1 January 2023 has been taken into consideration in calculation of provision for employment termination benefits (31 December 2021: full TL 10.596,74).

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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XVIII. Explanations on Taxation:

Current Tax

According to the Temporary Article 13 added to the Corporate Tax Law No: 5520 and with the Article 11 of the Law on the Procedure of Collection of Public Claims and the Law on the Amendment of Some Laws, which entered into force after being published in the Official Gazette dated 22 April 2021 and numbered 31462, the Corporate Tax rate will be applied as 25% for the corporate earnings for the 2021 taxation period and 23% for the corporate earnings for the 2022 taxation period. However, with the amendment stipulated in Articles 25 and 26 of the Law No. 7394 published in the Official Gazette dated 15 April 2022 and numbered 31810, the corporate tax rate to which the earnings of banks and certain financial institutions are subject has been determined as 25%. This change will be valid for the taxation of corporate earnings for the periods starting from 1 January 2022, starting with the declarations that must be submitted as of 1 July 2021. Accordingly the corporate tax for first quarter of 2022 (January-March) has been calculated with 23%, for following periods and corporate tax declaration of 2022 year period 25% will be taken into calculation. The corporate tax rate is applied to the tax base to be found as a result of adding the non-deductible expenses to the commercial earnings of the companies, the exemption (such as the participation earnings exemption) and the deduction of the deductions in the tax laws. No further tax is paid if the profit is not distributed. Non-resident corporations’ income through a permanent establishment or permanent representative in Turkey and dividends paid to companies’ resident in Turkey (dividends) not subject to withholding. Dividend payments made to individuals and institutions other than these are subject to 10% withholding tax. Addition of profit to capital is not considered as profit distribution and withholding tax is not applied.

Corporations are required to pay advance corporate tax quarterly on their corporate income. Advance tax is declared by the 17th and paid by the 17th day of the second month following each calendar quarter end. Advance tax paid by corporations for the current period is credited against the annual corporation tax calculated on the annual corporate income in the following year. On the other hand, in accordance with the Law No. 7338, which was published in the Official Gazette dated 26 October 2021 and numbered 31640, the 4th provisional tax return covering the months of October-December was repealed. Accordingly, the 4th provisional tax declaration will not be filed in 2022 and beyond.

Despite the offset, if there is temporary prepaid tax remaining, this balance can be refunded or used to offset any other financial liabilities to the government. According to 5.1.e. Article of Corporation Tax Law which is important tax exemption that is applied by banks, corporations’ 50% of revenues that occur from selling of their real estates, are in assets, that belong to the corporations at least two years (730 days), 75% of revenues that occur from selling their founding bonds that are belong to the corporations as long as time of participation stocks, redeemed shares and option to call are exempted from Corporation Tax. This exemption applies to the period the sale is made and the part of return on sales that benefits from the exemption is held in a special fund in the liabilities account until the end of the fifth year started from the following year sale is made. However, the sales payment must be collected until the end of the second calendar year following the year in which the sale is made. Taxes which are not realized in time due to the exemption that hits uncollected sales payment are considered as tax loss. Taxes which does not accrue on time because the applying exemption for the transfer of the exempted part of revenue to the other accounts with other ways out of capitalizing in five years or withdrawn from company or transferring from limited taxpayer corporations to the headquarters, are considered as tax loss. This is also be applicable in the condition of liquidation of business (Except transfers and divisions that make according to this code).

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



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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XVIII. Explanations on Taxation (Continued):

Current Tax (Continued)

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

Deferred Tax

In accordance with TAS 12 “Turkish Accounting Standard Relating to Income Tax”, the Bank calculates and recognizes deferred tax for temporary differences between the bases calculated based on the accounting policies used and valuation principles and that calculated under the tax legislation. Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences. However, deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized as deferred tax liability or asset if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. The carrying amount of a deferred tax asset is reviewed on each balance sheet date. Carrying amount of a deferred tax asset can be reduced to the extent that it is no longer probable that enough taxable profit will be available to allow all or part of the asset to be recovered. Deferred tax asset and liability are calculated with the valid tax ratios for the related period. Within the scope of the Law No. 7394 published in the Official Gazette dated 15 April 2022 and numbered 31810, deferred tax calculations were made by taking into account the 25% corporate tax rate to be applied for banks and certain financial institutions.

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

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

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

The current tax payable is offset with prepaid tax, if they are associated with. Deferred tax assets and liabilities are also offset.

Deferred tax calculation is made within the scope of TFRS 9 for the first and second stage provisions.

Transfer Pricing

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

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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XIX. Additional Explanations on Borrowings:

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

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

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

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

The Bank has not issued any convertible bonds.

XX. Explanations on Shares Issued:

The Bank’s issued capital was increased from TL 2.000.000 to TL 2.500.000 on 27 December 2022 by issuing shares with a nominal value of TL 500.000.

XXI. Explanations on Bill Guarantees and Acceptances:

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

XXII. Explanations on Government Incentives:

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

XXIII. Explanations on Segment Reporting:

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

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

As of 31 December 2022, explanations on segment reporting in line with “Communiqué on Financial Statements to be Disclosed to Public by Banks and Explanations and Footnotes Thereof” are shown below.



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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XXIII. Explanations on Segment Reporting (Continued):

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

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

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SECTION FOUR

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT

I. Explanations on Equity:

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

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

Information on Equity Items:

Current Period (31.12.2022)	Amount
Common Equity Tier I Capital	
Paid-in Capital to be Entitled for Compensation after All Creditors	2.706.074
Share Premium	4.038
Reserves	2.277.800
Other Comprehensive Income according to TAS	231.407
Profit	1.691.368
Net profit for the period	1.691.368
Retained Earnings	-
Bonus Shares from Associates, Affiliates and Joint-Ventures not Accounted in Current Period's Profit	1.467
Common Equity Tier I Capital Before Deductions	6.912.154
Deductions from Common Equity Tier I Capital	
Valuation adjustments calculated as per the article 9. (i) of the Regulation on Bank Capital	-
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	18.975
Leasehold Improvements on Operational Leases (-)	2.128
Goodwill Netted with Deferred Tax Liabilities	-
Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights	21.596
Net Deferred Tax Asset/Liability (-)	-
Differences arise when assets and liabilities not held at fair value, are subjected to cash flow hedge accounting	-
Credit losses that exceed total expected loss calculated according to the Regulation on Calculation of Credit Risk by Internal Ratings Based Approach	-

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations on Equity (Continued)

Information on Equity Items (Continued):

Securitization gains	-
Unrealized gains and losses from changes in bank’s liabilities’ fair values due to changes in creditworthiness	-
Net amount of defined benefit plans	-
Direct and Indirect Investments of the Bank on its own Tier I Capital	-
Shares Obtained against Article 56, Paragraph 4 of the Banking Law	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-
Mortgage Servicing Rights Exceeding the 10% Threshold of Tier I Capital	-
Net Deferred Tax Assets arising from Temporary Differences Exceeding the10% Threshold of Tier I Capital	-
Amount Exceeding the 15% Threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital not deducted from Tier I Capital	-
Mortgage Servicing Rights not deducted	-
Excess Amount arising from Deferred Tax Assets from Temporary Differences	168.840
Other items to be Defined by the BRSA	-
Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals	-
Total Deductions From Common Equity Tier I Capital	211.539
Total Common Equity Tier I Capital	6.700.615
ADDITIONAL TIER I CAPITAL	-
Preferred Stock not Included in Common Equity Tier I Capital and the Related Share Premiums	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained after 1.1.2014)	4.486.455
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4) (Issued or Obtained after 1.1.2014)	-
Additional Tier I Capital Before Deductions	4.486.455
Deductions From Additional Tier 1 Capital	-
Direct and Indirect Investments of the Bank on its own Additional Tier I Capital	-
Investments made by the bank to equity items issued by banks and financial institutions investing in the additional capital items of the bank and meeting the conditions specified in Article 7 of the Regulation	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-



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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations on Equity (Continued)

Information on Equity Items (Continued):

Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-
Other items to be defined by the BRSA	-
Items to be Deducted from Tier I Capital during the Transition Period	-
Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-
Net Deferred Tax Asset/Liability not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-
Deduction from Additional Tier I Capital when there is not enough Tier II Capital (-)	-
Total Deductions from Additional Tier I Capital	-
Total Additional Tier I Capital	4.486.455
Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)	11.187.070
TIER II CAPITAL	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	1.117.460
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-
Provisions (Amounts explained in the first paragraph of the article 8 of the Regulation on Bank Capital)	612.600
Total Deductions from Tier II Capital	1.730.060
Deductions from Tier II Capital	-
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-
Investments in Equity Instruments Issued by Banks and Financial Institutions Invested in Bank’s Tier II Capital and Having Conditions Stated in the Article 8 of the Regulation	-
Total of Net Long Positions of the Investments in Equity Items of Non-Consolidated Banks and Financial Institutions where the Bank owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital and Tier II Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital	-
Other items to be defined by the BRSA (-)	-
Total Deductions from Tier II Capital	-
Total Tier II Capital	1.730.060
Total Equity (Total Tier I and Tier II Capital)	12.917.130
Total Tier I Capital and Tier II Capital (Total Equity)	
Loans Granted against the Articles 50 and 51 of the Banking Law	-
Net Book Values of Movables and Immovable Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-
Other items to be Defined by the BRSA	-



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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations on Equity (Continued)

Information on Equity Items (Continued):

Items to be Deducted from the Sum of Tier I and Tier II Capital (Capital) During the Transition Period	231.407
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation	-
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital, of the Net Deferred Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation	-
CAPITAL	
Total Capital (Total of Tier I Capital and Tier II Capital)	12.917.130
Total Risk Weighted Assets	77.490.581
CAPITAL ADEQUACY RATIOS	
CET1 Capital Ratio (%)	8,65
Tier I Capital Ratio (%)	14,44
Capital Adequacy Ratio (%)	16,67
BUFFERS	
Bank-specific total CET1 Capital Ratio	2,5
Capital Conservation Buffer Ratio (%)	2,5
Bank-specific Counter-Cyclical Capital Buffer Ratio (%)	-
Systemic significant bank buffer ratio (%)	-
Additional CET1 Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation	-
Amounts Lower Than Excesses as per Deduction Rules	
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	-
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital	-

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations on Equity (Continued)

Information on Equity Items (Continued):

Remaining Mortgage Servicing Rights	-
Net Deferred Tax Assets arising from Temporary Differences	-
Limits for Provisions Used in Tier II Capital Calculation	-
General Loan Provisions for Exposures in Standard Approach (before limit of one hundred and twenty-five per ten thousand)	612.600
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	612.600
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach	222.776
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0.6% Risk Weighted Assets	-
Debt Instruments Covered by Temporary Article 4 (effective between 1.1.2018-1.1.2022)	
Upper Limit for Additional Tier I Capital Items subject to Temporary Article 4	-
Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-
Upper Limit for Additional Tier II Capital Items subject to Temporary Article 4	-
Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-

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



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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations on Equity (Continued)

Information on Equity Items (Continued):

Prior Period (31.12.2021)	Amount
Common Equity Tier I Capital	
Paid-in Capital to be Entitled for Compensation after All Creditors	2.206.074
Share Premium	3.747
Reserves	1.463.876
Other Comprehensive Income according to TAS	4.318
Profit	813.924
Net profit for the period	813.924
Retained Earnings	-
Bonus Shares from Associates, Affiliates and Joint-Ventures not Accounted in Current Period's Profit	-
Common Equity Tier I Capital Before Deductions	-
Deductions from Common Equity Tier I Capital	4.491.939
Valuation adjustments calculated as per the article 9. (i) of the Regulation on Bank Capital	
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS	45.617
Leasehold Improvements on Operational Leases	3.279
Goodwill Netted with Deferred Tax Liabilities	-
Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights	21.873
Net Deferred Tax Asset/Liability	-
Differences arise when assets and liabilities not held at fair value, are subjected to cash flow hedge accounting	-
Total credit losses that exceed total expected loss calculated according to the Regulation on Calculation of Credit Risk by Internal Ratings Based Approach	-
Securitization gains	-
Unrealized gains and losses from changes in bank's liabilities' fair values due to changes in creditworthiness	-
Net amount of defined benefit plans	-



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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations on Equity (Continued)

Information on Equity Items (Continued):

Direct and Indirect Investments of the Bank on its own Tier I Capital (-)	-
Shares Obtained against Article 56, Paragraph 4 of the Banking Law (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
Mortgage Servicing Rights Exceeding the 10% Threshold of Tier I Capital (-)	-
Net Deferred Tax Assets arising from Temporary Differences Exceeding the 10% Threshold of Tier I Capital (-)	-
Amount Exceeding the 15% Threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital not deducted from Tier I Capital (-)	-
Mortgage Servicing Rights not deducted (-)	-
Excess Amount arising from Deferred Tax Assets from Temporary Differences (-)	95.478
Other items to be Defined by the BRSA (-)	-
Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals (-)	-
Total Deductions From Common Equity Tier I Capital	166.247
Total Common Equity Tier I Capital	4.325.692
ADDITIONAL TIER I CAPITAL	-
Preferred Stock not Included in Common Equity Tier I Capital and the Related Share Premiums	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	2.228.580
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-
Additional Tier 1 Capital Before Deductions	2.228.580
Deductions From Additional Tier 1 Capital	-
Direct and Indirect Investments of the Bank on its own Additional Tier I Capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-



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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations on Equity (Continued)

Information on Equity Items (Continued):

Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-
Other items to be defined by the BRSA	-
Items to be Deducted from Tier I Capital during the Transition Period	-
Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-
Net Deferred Tax Asset/Liability not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-
Deduction from Additional Tier I Capital when there is not enough Tier II Capital (-)	-
Total Deductions from Additional Tier I Capital	-
Total Additional Tier I Capital	2.228.580
Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)	6.554.272
TIER II CAPITAL	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	833.881
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-
Provisions (Amounts explained in the first paragraph of the article 8 of the Regulation on Bank Capital)	290.632
Total Deductions from Tier II Capital	1.124.513
Deductions from Tier II Capital	-
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-
Investments in Equity Instruments Issued by Banks and Financial Institutions Invested in Bank's Tier II Capital and Having Conditions Stated in the Article 8 of the Regulation	-
Total of Net Long Positions of the Investments in Equity Items of Non-Consolidated Banks and Financial Institutions where the Bank owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital and Tier II Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital (-)	-

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations on Equity (Continued)

Information on Equity Items (Continued):

Other items to be defined by the BRSA (-)	-
Total Deductions from Tier II Capital	-
Total Tier II Capital	1.124.513
Total Equity (Total Tier I and Tier II Capital)	7.678.785
Total Tier I Capital and Tier II Capital (Total Equity)	
Loans Granted against the Articles 50 and 51 of the Banking Law	-
Net Book Values of Movables and Immovable Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-
Other items to be Defined by the BRSA	-
Items to be Deducted from the Sum of Tier I and Tier II Capital (Capital) During the Transition Period	4.318
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation	-
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital, of the Net Deferred Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation	-
Capital	
Total Capital (Total of Tier I Capital and Tier II Capital)	7.678.785
Total Risk Weighted Assets	53.833.629
CAPITAL ADEQUACY RATIOS	
CET1 Capital Ratio (%)	8,04
Tier I Capital Ratio (%)	12,18
Capital Adequacy Ratio (%)	14,26
BUFFERS	
Bank-specific total CET1 Capital Ratio	2,5
Capital Conservation Buffer Ratio (%)	2,5
Bank-specific Counter-Cyclical Capital Buffer Ratio (%)	-
Systemic significant bank buffer ratio (%)	-

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations on Equity (Continued)

Information on Equity Items (Continued):

Additional CET1 Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation	-
Amounts Lower Than Excesses as per Deduction Rules	-
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	-
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital	-
Remaining Mortgage Servicing Rights	-
Net Deferred Tax Assets arising from Temporary Differences	-
Limits for Provisions Used in Tier II Capital Calculation	-
General Loan Provisions for Exposures in Standard Approach (before limit of one hundred and twenty-five per ten thousand)	290.632
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	290.632
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach	81.208
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0.6% Risk Weighted Assets	-
Debt Instruments Covered by Temporary Article 4	-
(effective between 1.1.2018-1.1.2022)	-
Upper Limit for Additional Tier I Capital Items subject to Temporary Article 4	-
Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-
Upper Limit for Additional Tier II Capital Items subject to Temporary Article 4	-
Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-

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



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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations on Equity (Continued)

Explanations on the reconciliation of capital items to balance sheet:

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



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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations on Equity (Continued):

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

Prior Period (31.12.2021)	Balance Sheet Value	Amount of Adjustment	Value at Capital Report
1. Paid-in-Capital	2.000.000	206.074	2.206.074
2. Capital Reserves	209.821	(206.074)	3.747
2.1. Share Premium	3.747	-	3.747
2.2. Share Cancellation Profits	-	-	-
2.3. Other Capital Reserves	206.074	(206.074)	-
3. Accumulated Other Comprehensive Income or Loss that will not be Reclassified to Profit or Loss	(998)	-	(998)
4. Accumulated Other Comprehensive Income or Loss that will be Reclassified to Profit or Loss	(23.259)	27.577	4.318
5. Profit Reserves	1.463.876	-	1.463.876
6. Profit or Loss	813.924	-	813.924
6.1. Prior Periods' Profit or (Loss)	-	-	-
6.2. Current Period Profit or (Loss)	813.924	-	813.924
Deductions from Common Equity Tier I Capital (-)	-	(165.249)	(165.249)
Common Equity Tier I Capital	4.463.364	(137.672)	4.325.692
Subordinated Loans	-	2.228.580	2.228.580
Deductions from Tier I capital (-)	-	-	-
Tier I Capital	4.463.364	2.090.908	6.554.272
Subordinated Loans	-	833.881	833.881
General Provisions	-	290.632	290.632
Deductions from Tier II capital (-)	-	-	-
Tier II Capital	-	1.124.513	1.124.513
Deductions from Total Capital (-)	-	-	-
Total	4.463.364	3.215.421	7.678.785



TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations on Equity (Continued):

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

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



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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations on Equity (Continued):

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

Prior Period (31.12.2021)	
Issuer-Loan supplier	Bank / Republic of Turkey Ministry of Treasury and Finance
Identifier (CUSIP, ISIN etc.)	-
Governing law (s) of the instrument	BRSA
Regulatory treatment	
Subject to 10% deduction as of 1/1/2015	No
Eligible on unconsolidated and /or consolidated basis	Unconsolidated and Consolidated
Instrument type	Loan
Amount recognized in regulatory capital (Currency in TL million, as of most recent reporting date)	834
Nominal value of instrument (TL million)	834
Accounting classification of the instrument	Liabilities Subordinated Loan
Original date of issuance	31.12.2018
Maturity structure of the instrument (perpetual/dated)	Perpetual
Starting maturity of the instrument	-
Issuer call subject to prior supervisory (BRSA) approval	Yes
Call option dates, conditioned call dates and call amount	-
Subsequent call dates, if applicable	-
Interest / dividend payments	
Fixed or floating coupon/dividend payments	-
Interest rate and related index value	-
Existence of any dividend payment restriction	-
Fully discretionary, partially discretionary or mandatory	-
Existence of step up or other incentive to redeem	-
Noncumulative or cumulative	-
Convertible into equity shares	
If convertible, conversion trigger(s)	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, type of instrument convertible into	-
If convertible, issuer of instrument to be converted into	-
Write-down feature	
If bonds can be written down, write down trigger(s)	-
If bond can be written-down, full or partial	-
If bond can be written-down, permanent or temporary	-
If temporary write-down, description of write-up mechanism	-
Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument)	After borrowings, before the additional capital, same as Tier II Capital
In compliance with article number 7 and 8 of Regulation on Bank Capital	Complies with the requirements of Article 8 of the Regulation on Equity of Banks.
Details of incompliances with article number 7 and 8 of Regulation on Bank Capital	Complies with the requirements of Article 8 of the Regulation on Equity of Banks.



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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations on Equity (Continued):

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

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



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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations on Equity (Continued):

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

Prior Period (31.12.2021)	
Issuer-Loan supplier	Bank / TWF
Identifier (CUSIP, ISIN etc.)	-
Governing law (s) of the instrument	BRSA
Regulatory treatment	
Subject to 10% deduction as of 1/1/2015	No
Eligible on unconsolidated and /or consolidated basis	Unconsolidated and Consolidated
Instrument type	Loan
Amount recognized in regulatory capital (Currency in TL million, as of most recent reporting date)	2.229
Nominal value of instrument (TL million)	2.229
Accounting classification of the instrument	Liabilities Subordinated Loan
Original date of issuance	24.04.2019
Maturity structure of the instrument (perpetual/dated)	Perpetual
Starting maturity of the instrument	-
Issuer call subject to prior supervisory (BRSA) approval	Yes
Call option dates, conditioned call dates and call amount	25.04.2024 (There is an early payment option after the 5th year)
Subsequent call dates, if applicable	-
Interest / dividend payments	
Fixed or floating coupon/dividend payments	Fixed Interest
Interest rate and related index value	5,08
Existence of any dividend payment restriction	-
Fully discretionary, partially discretionary or mandatory	-
Existence of step up or other incentive to redeem	-
Noncumulative or cumulative	-
Convertible into equity shares	
If convertible, conversion trigger (s)	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, type of instrument convertible into	-
If convertible, issuer of instrument to be converted into	-
Write-down feature	
If bonds can be written-down, write-down trigger(s)	-
If bond can be written-down, full or partial	-
If bond can be written-down, permanent or temporary	-
If temporary write-down, description of write-up mechanism	-
Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument)	After senior creditors and Tier II Capital
In compliance with article number 7 and 8 of Regulation on Bank Capital	Complies with the requirements of Article 7 of the Regulation on Equity of Banks.
Details of incompliances with article number 7 and 8 of Regulation on Bank Capital	Complies with the requirements of Article 7 of the Regulation on Equity of Banks.



TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations on Equity (Continued):

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

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



TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations on Credit Risk:

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

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

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

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

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

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

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

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations on Credit Risk (Continued) :

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

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

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

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

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

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

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

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations on Credit Risk (Continued):

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

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

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

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

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

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

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

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SECTION FOUR (Continued)
INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)
II. Explanations on Credit Risk (Continued):

Profile of Significant Risks in Major Regions

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

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

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

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

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



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INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations on Credit Risk (Continued):

Risk profile by sectors or counterparties:

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

There are no balances in the following classes.
1-Contingent and non-contingent receivables from regional or local governments
2-Contingent and non-contingent receivables from administrative units and non-commercial enterprises
3-Contingent and non-contingent receivables from administrative units and non-commercial enterprises
4-Contingent and non-contingent receivables from multilateral development banks
5-Contingent and non-contingent receivables from international organizations
6-Contingent and non-contingent receivables from international organizations
7-Contingent and non-contingent receivables from international organizations
8-Contingent and non-contingent receivables from international organizations
9-Contingent and non-contingent receivables from international organizations
10-Contingent and non-contingent receivables from international organizations
11-Contingent and non-contingent receivables from international organizations
12-Mortgage secured securities
13-Short-term receivables from banks and intermediary institutions and short-term corporate receivables
14-Short-term receivables from banks and intermediary institutions and short-term corporate receivables
15-Equity investments

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TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations on Credit Risk (Continued):

Analysis of Maturity-Bearing Risks According to Remaining Maturities

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

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

Information on Risk Categories

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

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SECTION FOUR (Continued)
INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations on Credit Risk (Continued):

Credit Risk by Risk Weights – Standard Approach^(*)

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

(*) Excluding counterparty credit risk and securitization positions

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



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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations on Credit Risk (Continued):

Information by Major Sectors or Type of Counterparties:

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

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

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

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations on Credit Risk (Continued):

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

Information on Movements in Value Adjustments and Provisions:

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

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



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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

III. Explanations on Currency Risk:

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

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

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

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

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

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

In order to reduce the risk of foreign exchange rate fluctuations affecting the financial structure of the bank, the risk of foreign exchange rate of the Bank is determined based on the Foreign Currency Net General Position / Equity ratio determined by the BRSA, which is 20%. The limit of the ratio has been changed to 5% effective from 9 January 2023 with the “Regulation on the Amendment to the Regulation on the Calculation and Application of Foreign Currency Net General Position/Shareholders’ Equity Standard Ratio on Consolidated and Unconsolidated Basis by Banks” published in the Official Gazette on 10 December 2022.

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

Date	USD	EURO	100 JPY
30/12/2022	18,7104	19,9097	14,1360
29/12/2022	18,7001	19,8539	14,0128
28/12/2022	18,6996	19,9095	14,0503
27/12/2022	18,6531	19,8749	14,0651
26/12/2022	18,6923	19,8512	14,1287

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

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE (Continued)

III. Explanations on Currency Risk (Continued):

Information on the currency risk of the Bank:

Current Period (31.12.2022)	EURO	USD	Other FC ^(*)	Total
Assets				
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	-	-	-	-
Banks	592.546	392.374	1.275	986.195
Financial assets measured at fair value through profit and loss	129.401	28.065	-	157.466
Money market placements	-	-	-	-
Financial assets measured at fair value through other comprehensive income	2.292.410	2.874.690	-	5.167.100
Loans	15.725.093	34.154.610	-	49.879.703
Subsidiaries, associates and jointly controlled entities (joint ventures)	-	-	-	-
Financial assets measured at amortised cost	3.997.287	-	-	3.997.287
Derivative financial assets for hedging purposes	-	-	-	-
Tangible assets	-	-	-	-
Intangible assets	-	-	-	-
Other assets	29.246	89.132	-	118.378
Total assets	22.765.983	37.538.871	1.275	60.306.129

Liabilities				
Interbank deposits	-	-	-	-
Foreign currency deposits	-	-	-	-
Money market borrowings	-	-	-	-
Funds provided from other financial institutions	15.199.171	40.017.246	-	55.216.417
Securities issued	2.018.433	-	-	2.018.433
Marketable securities issued	4.646.290	-	-	4.646.290
Sundry creditors	23.660	280.953	-	304.613
Derivative financial liabilities for hedging purposes	-	-	-	-
Other liabilities	454.405	970.619	45	1.425.069
Total liabilities	22.341.959	41.268.818	45	63.610.822

Net balance sheet position	424.024	(3.729.947)	1.230	(3.304.693)
Net off-balance sheet position	(206.065)	3.756.486	-	3.550.421
Assets on derivative instruments	1.473.318	7.161.779	-	8.635.097
Liabilities on derivative instruments	(1.679.383)	(3.405.293)	-	(5.084.676)
Non-cash loans	1.341.516	1.627.527	-	2.969.043

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

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

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

III. Explanations on Currency Risk (Continued):

Currency Risk Sensitivity:

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

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

(*) Indicates the values before tax.

	Decrease in Exchange Rates	Effect on Profit/Loss (*)		Effect on Shareholders' Equity	
	%	Current Period (3.12.2022)	Prior Period (31.12.2021)	Current Period (31.12.2022)	Prior Period (31.12.2021)
USD	10	(2.578)	(1.734)	(287.469)	(176.876)
EURO	10	(23.063)	(3.518)	(229.241)	(117.784)
Other	10	(128)	(112)	-	-

(*) Indicates the values before tax.

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

IV. Explanations on Interest Rate Risk:

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

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

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

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

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

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

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

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

IV. Explanations on Interest Rate Risk (Continued):

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

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

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

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

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

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

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

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



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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

IV. Explanations on Interest Rate Risk (Continued):

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

End of the Prior Period (31.12.2021)	Up to 1 Month	1–3 Months	3–12 Months	1–5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey ⁽¹⁾	-	-	-	-	-	2.050	2.050
Banks ⁽¹⁾	3.240.649	-	-	-	-	32.453	3.273.102
Financial assets measured at fair value through profit and loss	-	-	-	-	-	220.867	220.867
Money market placements	992.465	-	-	-	-	-	992.465
Financial assets measured at fair value through other comprehensive income ⁽³⁾	32.122	460.897	1.520.530	1.825.716	76.956	16.478	3.932.699
Loans ⁽²⁾	15.880.496	5.400.291	4.561.834	4.364.753	6.160.752	326.711	36.694.837
Financial assets measured at amortised cost	-	-	-	2.935.638	75.399	-	3.011.037
Other assets ⁽⁴⁾	365	-	-	-	-	253.312	253.677
Total Assets ⁽⁵⁾	20.146.097	5.861.188	6.082.364	9.126.107	6.313.107	851.871	48.380.734
Liabilities							
Interbank deposits	-	-	-	-	-	-	-
Other deposits	-	-	-	-	-	-	-
Money market borrowings	636.329	-	-	-	-	-	636.329
Sundry creditors	-	-	-	-	-	210.813	210.813
Marketable securities issued	-	-	-	-	-	-	-
Funds provided from other financial institutions	5.725.122	8.665.090	9.775.573	7.660.137	6.902.490	-	38.728.412
Other liabilities ⁽⁴⁾	516.348	-	-	-	-	8.288.832	8.805.180
Total Liabilities	6.877.799	8.665.090	9.775.573	7.660.137	6.902.490	8.499.645	48.380.734
Long position on balance sheet	13.268.298	-	-	1.465.970	-	-	14.734.268
Short position on balance sheet	-	(2.803.902)	(3.693.209)	-	(589.383)	(7.647.774)	(14.734.268)
Long position on off-balance sheet	-	-	-	-	-	-	-
Short position on off-balance sheet	(25.425)	-	-	-	-	-	(25.425)
Total Position	13.242.873	(2.803.902)	(3.693.209)	1.465.970	(589.383)	(7.647.774)	(25.425)

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

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

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

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

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



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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

IV. Explanations on Interest Rate Risk (Continued):

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

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

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

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

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



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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

V. Explanations on Position Risk of Equity Securities:

None.

VI. Explanations on Liquidity Risk Management and Liquidity Coverage Ratio:

1. Liquidity risk management

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

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

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

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

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

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

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

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

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

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

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



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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE (Continued)

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

1. Liquidity risk management (Continued):

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

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

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

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

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

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

2. Liquidity coverage ratio

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

	Liquidity Coverage Ratio (Weekly Unconsolidated)							
	Current Period (31.12.2022)				Prior Period (31.12.2021)			
	FC	Date	FC+TL	Date	FC	Date	FC+TL	Date
Maximum (%)	95,22	04.11.2022	152,45	18.11.2022	96,26	29.10.2021	212,24	26.11.2021
Minimum (%)	53,44	30.09.2022	91,57	14.10.2022	47,15	24.12.2021	167,82	24.12.2021



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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE (Continued)

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

2. Liquidity coverage ratio (Continued):

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

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



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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE (Continued)

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

2. Liquidity coverage ratio (Continued):

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

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



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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE (Continued)

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

3. Explanations related to liquidity coverage ratio

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

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

The explanation about elements of the high-quality liquid assets

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

Content of funds and their composition

The main funding source of the Bank is loans attained from domestic and international financial institutions. The share of these resources in all funds is approximately 75,7%. 10,1% of the Bank’s total funding consists of funds, 8,3% consists of subordinated debt instruments, 3,5% is provided from money markets and 2,4% consists of securities issued.

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

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

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

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

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

None.



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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE (Continued)

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

4. Maturity analysis of assets and liabilities according to remaining maturities:

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed ⁽¹⁾	Total
Current Period (31.12.2022)								
Assets								
Cash (Cash on hand, Money in Transit, Purchased Cheques and Balances with Central Bank)	835	-	-	-	-	-	-	835
Banks	68.737	8.675.865	-	-	-	-	-	8.744.602
Financial Assets Measured at Fair Value through Profit/Loss	289.829	-	-	-	-	-	-	289.829
Money Market Placements	-	6.629.640	-	-	-	-	-	6.629.640
Financial Assets Measured at Fair Value Through Other Comprehensive Income	17.174	1.575.334	1.994.551	2.434.946	2.445.298	179.640	-	8.646.943
Loans	-	527.423	1.920.101	15.830.134	28.212.887	12.415.558	326.555	59.232.658
Financial Assets Measured at Amortised Cost	-	16.155	227.887	557.883	4.448.602	2.309.995	-	7.560.522
Other Assets	-	31.094	-	-	-	-	462.029	493.123
Total Assets ⁽²⁾	376.575	17.455.511	4.142.539	18.822.963	35.106.787	14.905.193	788.584	91.598.152
Liabilities								
Bank Deposits	-	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-	-
Funds provided from other financial institutions	-	5.711.508	812.497	12.022.247	25.555.812	24.604.857	-	68.706.921
Money Markets Borrowings	-	2.960.566	-	-	-	-	-	2.960.566
Securities Issued	-	-	-	-	525.205	1.493.228	-	2.018.433
Miscellaneous Payables	335.061	-	-	-	-	-	-	335.061
Other Liabilities	2.806.141	271.815	260.196	-	3.528.830	3.418.506	7.291.683	17.577.171
Total Liabilities	3.141.202	8.943.889	1.072.693	12.022.247	29.609.847	29.516.591	7.291.683	91.598.152
Liquidity Gap	(2.764.627)	8.511.622	3.069.846	6.800.716	5.496.940	(14.611.398)	(6.503.099)	-
Net Off-Balance Position	-	8.811	167	2.215	-	-	-	11.193
Derivative Financial Assets	-	12.412.300	169.078	58.345	-	-	-	12.639.723
Derivative Financial Liabilities	-	12.403.489	168.911	56.130	-	-	-	12.628.530
Non-Cash Loans	72.364	-	-	118.753	68.919	2.781.425	-	3.041.461
Prior Period (31.12.2021)								
Total Assets	271.848	4.691.932	1.504.991	5.888.503	27.374.214	8.069.223	580.023	48.380.734
Total Liabilities	457.661	2.855.875	698.380	3.000.160	19.233.107	14.014.139	8.121.412	48.380.734
Liquidity Gap	(185.813)	1.836.057	806.611	2.888.343	8.141.107	(5.944.916)	(7.541.389)	-
Net Off-Balance Position	-	(25.425)	-	-	-	-	-	(25.425)
Derivative Financial Assets	-	1.264.432	-	-	-	-	-	1.264.432
Derivative Financial Liabilities	-	1.289.857	-	-	-	-	-	1.289.857
Non-Cash Loans	53.119	54.972	-	53	-	2.197.703	-	2.305.847

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

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



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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

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

Remaining maturity of contractual financial liabilities:

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

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

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

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

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

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



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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE (Continued)

VII. Explanation on Leverage Ratio:

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

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

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



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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGENMANT (Continued)

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

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

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

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

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

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



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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

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

Information on fair value measurements recognized in the financial statements:

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

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

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

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

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

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

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

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

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

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

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

There are no transactions based on faith by the Bank.

X. Explanations on Risk Management:

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

The Bank’s risk management approach:

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

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

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Risk Management (Continued):

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

The Bank’s risk management approach (Continued):

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

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

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

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

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

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Risk Management (Continued):

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

The Bank's risk management approach (Continued):

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

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

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

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

are evaluated.

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

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

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

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Risk Management (Continued):

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

Footnotes and related explanations prepared in accordance with the “Communiqué on Disclosures About Risk Management to Be Announced to Public by Banks” published in the Official Gazette No: 29511 on 23 October 2015 and entered into force as of 31 March 2016 are given in this section. In accordance with the relevant communiqué, the following tables, which should be given quarterly, were not presented as of 31 December 2022, as the Bank's standard approach was used in the calculation of capital adequacy:

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

Overview of risk weighted amounts:

		Risk Weighted Amount		Minimum Capital Requirement
		Current Period (31.12.2022)	Prior Period (31.12.2021)	Current Period (31.12.2022)
1	Credit risk (excluding counterparty credit risk) (CCR)	74.807.459	47.688.739	5.984.597
2	Of which standardized approach (SA)	74.807.459	47.688.739	5.984.597
3	Of which internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	692.432	4.132.737	55.395
5	Of which standardized approach for counterparty credit risk (SA-CCR)	692.432	4.132.737	55.395
6	Of which internal model method (IMM)	-	-	-
7	Equity position in banking book under basic risk weighting or internal rating-based	-	-	-
8	Equity investments in funds – look-through approach	-	-	-
9	Equity investments in funds – mandate-based approach	-	-	-
10	Equity investments in funds – 1250% risk weighting approach	-	-	-
11	Settlement risk	-	-	-
12	Securitization exposures in banking book	-	-	-
13	Of which IRB ratings-based approach (RBA)	-	-	-
14	Of which IRB supervisory formula approach (SFA)	-	-	-
15	Standard Of which SA/simplified supervisory formula approach (SSFA)	-	-	-
16	Market Risk	107.525	758.350	8.602
17	Of which standardized approach (SA)	107.525	758.350	8.602
18	Of which internal model approaches (IMM)	-	-	-
19	Operational Risk	1.883.165	1.253.803	150.653
20	Of which basic indicator approach	1.883.165	1.253.803	150.653
21	Of which standardized approach	-	-	-
22	Of which advanced measurement approach	-	-	-
23	Amounts below the thresholds for deduction from capital (subject to 250% risk weight)	-	-	-
24	Floor adjustments	-	-	-
25	Total (1+4+7+8+9+10+11+12+16+19+23+24)	77.490.581	53.833.629	6.199.247



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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Risk Management (Continued):

2. Credit risk explanations

General qualitative information on credit risk:

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

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

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

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

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

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

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

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



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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Risk Management (Continued):

2. Credit risk explanations:

General qualitative information on credit risk:

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

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

The explanations prepared by the “Communiqué on Disclosures About Risk Management to be Announced to Public by Banks” published in the Official Gazette No. 29511 on 23 October 2015, and entered into force as of 31 March 2016, are given below.

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

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

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

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

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Risk Management (Continued):

2. Credit risk explanations (Continued):

Credit quality of assets:

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

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

Changes in non-performing loans and debt securities:

Current Period (31.12.2022)

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

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Risk Management (Continued):

2. Credit risk explanations (Continued):

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

Prior Period (31.12.2021)

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

Additional disclosures about the credit quality of assets:

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

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

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

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

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Risk Management (Continued):

2. Credit risk explanations (Continued):

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

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

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

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

Information in terms of major sectors and type of counterparties

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

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Risk Management (Continued):

2. Credit risk explanations (Continued):

Information in terms of major sectors and type of counterparties

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

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Risk Management (Continued):

2. Credit risk explanations (Continued):

Maturity analysis for non-performing loans

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

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

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

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

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Risk Management (Continued):

2. Credit risk explanations (Continued):

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

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

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

Overview of credit risk mitigation techniques:

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

	Prior Period (31.12.2021)	Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collateral	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
1	Loans	1.090.349	36.392.870	100%	-	-	-	-
2	Debt Instruments	-	6.986.053	100%	-	-	-	-
3	Total	1.090.349	43.378.923	100%	-	-	-	-
4	Overdue	-	855.150	100%	-	-	-	-

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

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



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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Risk Management (Continued):

2. Credit risk explanations (Continued):

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

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

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



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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Risk Management (Continued):

2. Credit risk explanations (Continued):

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

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

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Risk Management (Continued):

2. Credit risk explanations (Continued):

Standard Approach: Exposures by asset classes and risk weights:

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

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



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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Risk Management (Continued):

2. Credit risk explanations (Continued):

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

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

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Risk Management (Continued):

3. Explanations on counterparty credit risk:

Evaluation of counterparty credit risk according to measurement methods:

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

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

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

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

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Risk Management (Continued):

3. Explanations on counterparty credit risk (Continued):

Evaluation of counterparty credit risk according to measurement methods:

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



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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Risk Management (Continued):

3. Explanations on counterparty credit risk (Continued):

Capital Requirements for CVA

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

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



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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Risk Management (Continued):

3. Explanations on counterparty credit risk (Continued):

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

Current Period (31.12.2022)											
Risk Weights/Risk Class	0%	2%	20%	35%	50%	75%	100%	150%	200%	Other	Total credit exposure (*)
Exposures to sovereigns and their central banks	38.385	-	48.257	-	-	-	-	-	-	-	9.651
Exposures to regional and local governments	-	-	-	-	-	-	-	-	-	-	-
Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-	-	-	-	-	-
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-	-	-	-	-	-
Exposures to banks and brokerage houses	128.516	125.916	13.982	-	-	-	677.466	-	-	-	682.781
Exposures to corporates	-	-	-	-	-	-	-	-	-	-	-
Retail exposures	-	-	-	-	-	-	-	-	-	-	-
Other assets (**)	-	-	-	-	-	-	-	-	-	-	-
Total	166.901	125.916	62.239	-	-	-	677.466	-	-	-	692.432

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

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

Prior Period (31.12.2021)									
Risk Weights/Risk Class	0%	10%	20%	50%	75%	100%	150%	Other	Total credit exposure (*)
Exposures to sovereigns and their central banks	14.798	-	-	-	-	-	-	-	-
Exposures to regional and local governments	-	-	-	-	-	-	-	-	-
Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-	-	-	-
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-	-	-	-
Exposures to banks and brokerage houses	-	-	327.001	-	-	4.064.377	-	-	4.129.777
Exposures to corporates	-	-	-	-	-	-	-	-	-
Retail exposures	-	-	-	-	-	-	-	-	-
Other assets (**)	-	-	-	-	-	-	-	-	-
Total	14.798	-	327.001	-	-	4.064.377	-	-	4.129.777

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

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



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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Risk Management (Continued):

3. Explanations on counterparty credit risk (Continued):

Collaterals for counterparty credit risk:

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

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

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

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



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SECTION FOUR (Continued)**INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)****X. Explanations on Risk Management (Continued):****3. Explanations on counterparty credit risk (Continued):****Credit derivatives**

None.

Exposures to central counterparties (CCP)

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

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SECTION FOUR (Continued)**INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)****X. Explanations on Risk Management (Continued):****3. Explanations on counterparty credit risk (Continued):****Explanations on securitizations**

None.

4. Explanations on market risk:**Qualitative information to be publicly disclosed on market risk:**

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

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

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

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

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

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Risk Management (Continued):

4. Explanations on market risk (Continued):

PR1-Market risk amounts based on standard approach:

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

5. Link between the financial statements and risk amounts:

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

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

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

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

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Risk Management (Continued):

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

Differences and matching between accounting consolidation and legal consolidation:

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



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SECTION FOUR (Continued)
INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Risk Management (Continued):

5. Linkages between the financial statements and risk amounts (Continued):
Differences between accounting consolidation and legal consolidation (Continued):

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

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SECTION FOUR (Continued)
INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Risk Management (Continued):

5. Linkages between the financial statements and risk amounts (Continued):
Differences and matching between accounting consolidation and legal consolidation:

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



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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Risk Management (Continued):

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

Differences between accounting consolidation and legal consolidation (Continued):

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

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Risk Management (Continued):

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

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

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

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

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



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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Risk Management (Continued):

6. Explanations on operational risk:

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

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

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

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

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

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

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

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

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Risk Management (Continued):

6. Explanations on operational risk (Continued):

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

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

7. Interest rate risk on banking accounts:

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

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

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

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

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



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SECTION FIVE

EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS

I. Explanations and Notes Related to Assets:

1. Information on financial assets:

1.1. Information on cash and cash equivalents:

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

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

1.1.1.a) Information on required reserve deposits:

Since the Bank does not accept deposits, it is not subject to Central Bank of the Republic of Turkey’s Communiqué No: 2005/1 “Reserve Requirements”.

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

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

1.1.2. Information on banks:

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

1.1.2.a) Information on foreign bank accounts:

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

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes Related to Assets (Continued)

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

1.1.3. Information on money market placements:

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

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

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

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

None.

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

None.

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

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

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

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

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

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes Related to Assets (Continued)

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

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

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

1.4. Information on derivative financial assets:

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

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

2.1. Information on loans:

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

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

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes Related to Assets (Continued)

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

2.1. Information on loans (Continued):

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

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

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

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

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

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SECTION FIVE (Continued)

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

I. Explanations and Notes Related to Assets (Continued)

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

2.1. Information on loans (Continued):

2.1.c) Loans according to their maturity structure:

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

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



TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)

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

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

2.1. Information on loans (Continued):

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

As of 31 December 2022: None.

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



TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)

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

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

2. 1. Information on loans (Continued):

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

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

2.1.e) Loans according to type of borrowers:

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

2.1.f) Breakdown of domestic and international loans:

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

2.1.g) Loans granted to subsidiaries and associates:

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

2.1.ğ) Default (third stage) provisions:

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

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

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

	III. Group Loans with Limited Collectability	IV. Group Loans with Doubtful Collectability	V. Group Uncollectible Loans
Current Period (31.12.2022)			
Gross amounts before provisions	768.152	-	51.408
Restructured loans	74.814	-	-
Prior Period (31.12.2021)			
Gross amounts before provisions	656.093	-	80.527
Restructured loans	118.530	-	-

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

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

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)

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

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

2. 1. Information on loans (Continued):

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

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

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

	III. Group Loans with Limited Collectability	IV. Group Loans with Doubtful Collectability	V. Group Uncollectible Loans
Current Period (31.12.2022)			
Interest accruals and rediscount with valuation differences	71.467	-	24
Provision amount (-)	(71.467)	-	(24)
Net Balance	-	-	-
Prior Period (31.12.2021)			
Interest accruals and rediscount with valuation differences	20.474	-	378
Provision amount (-)	(20.474)	-	(378)
Net Balance	-	-	-

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

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

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

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)

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

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

2. 1. Information on loans (Continued):

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

	III. Group Loans with Limited Collectability	IV. Group Loans with Doubtful Collectability	V. Group Uncollectible Loans
Current Period (Net) (31.12.2022)	326.471	-	82
Loans to Real Persons and Legal Entities (Gross)	842.966	-	51.408
Provision amount (-)	(516.495)	-	(51.326)
Loans to Real Persons and Legal Entities (Net)	326.471	-	82
Banks (Gross)	-	-	-
Provision amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans (Gross)	-	-	-
Provision amount (-)	-	-	-
Other Loans (Net)	-	-	-
Prior Period (Net) (31.12.2021)	326.321	-	389
Loans to Real Persons and Legal Entities (Gross)	774.623	-	80.527
Provision amount (-)	(448.302)	-	(80.138)
Loans to Real Persons and Legal Entities (Net)	326.321	-	389
Banks (Gross)	-	-	-
Provision amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans (Gross)	-	-	-
Provision amount (-)	-	-	-
Other Loans (Net)	-	-	-

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

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

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



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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)

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

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

2. 1. Information on loans (Continued):

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

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

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

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

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

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

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

2.1.i) Explanations on write-off policy:

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



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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)

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

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

2.2. Information on finance lease receivables (Net):

The amount of the Bank's finance lease receivables is TL 1 (31 December 2021: None).

2.3. Information on factoring receivables:

None.

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

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

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

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

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

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

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

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

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

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

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

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

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)

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

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

None.

4. Information on equity investments:

4.1. Information on associates:

4.1.a) General information on associates:

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

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

(*)	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income From Marketable Securities	Current Period Profit/Loss	Prior Period Profit/Loss	Fair Value
	219.307	160.020	7.941	-	-	100.471	15.665	-

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

4.1.c) Movement of associates:

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

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

None.

4.1.d) Associates quoted in the stock exchange:

None.

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)

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

4. Information on equity investments (Continued):

4.2. Information on subsidiaries (Net)

4.2.a) General information on subsidiaries

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

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

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

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

(*)	Total Assets	Shareholders’ Equity	Total Fixed Assets	Interest Income	Securities Income	Current Period Profit/Loss	Prior Period Profit/Loss	Fair Value
1	103.151	94	3	-	5.433	44	-	-
2	18.049	14.314	1.750	-	1.457	8.986	2.543	-

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

4.2.c) Movement of subsidiaries:

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

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

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)

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

4. Information on equity investments (Continued):

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

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

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

4.2.d) Subsidiaries quoted on the stock exchange:

None.

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

The Bank has no joint ventures.

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

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

6. Information on tangible assets:

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

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

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SECTION FIVE (Continued)

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

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

6. Information on tangible fixed assets (Continued):

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

7. Information on intangible assets:

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

8. Information on investment properties:

None.

9. Information on current tax assets:

None.



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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)

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

10. Information on deferred tax assets:

As of 31 December 2022, the Bank has a deferred tax asset of TL 168.840 (31 December 2021: TL 95.478). The deferred tax asset is calculated over the temporary differences formed by the assets and liabilities followed by the book value in the Bank’s records and their tax base calculated in accordance with the tax legislation. In case the items that constitute the temporary differences are monitored among the equity items, the deferred tax asset/liability calculated over the said temporary differences are associated with the related equity items, and as of 31 December 2022, the Bank has no tax assets calculated over the period loss or tax deduction (31 December 2021: None).

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

11. Information on other assets:

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



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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)

II. Explanations and Notes Related to Liabilities:

1. Information on maturity structure of deposits:

The Bank is not accepting deposits.

2. Information on funds borrowed:

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

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

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

2.b) Maturity structure of funds borrowed:

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

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

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

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

3. Information on funds provided under repurchase agreements:

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

4. Information on securities issued (Net):

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

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

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)

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

5. Explanations on funds:

Of the TL 8.418.825 which was provided by the Bank (31 December 2021: TL 1.528.791), TL 223.613 is from the World Bank, TL 1.108 is from the European Fund, TL 21.730 is from the Ministry of Treasury and Finance and TL 8.172.374 consists of funds from borrowers and banks.

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

None.

7. Negative differences table for derivative financial liabilities:

	Current Period (31.12.2022)		Prior Period (31.12.2021)	
	TL	FC	TL	FC
Forward transactions	-	-	-	-
Swap transactions	11.157	-	26.693	-
Futures transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	11.157	-	26.693	-

8. Information on factoring liabilities:

None.

9. Explanations on financial lease payables (Net):

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

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

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

11. Explanations on Provisions:

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

There is no foreign exchange loss provisions on the foreign currency indexed loans and finance lease receivables (31 December 2021: None).

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

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

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2022

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)

II. Explanations and Notes Related to Liabilities (Continued)

11.c) Other provisions:

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

12.a) Information on current tax liability:

12.a-1) Information on tax provision:

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

12.a-2) Information on taxes payable:

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

12.a-3) Information on premiums:

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

13. Information on deferred tax liabilities:

None.

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

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

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)

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

15. Information on subordinated debt instruments:

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

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

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

17. Information on shareholders' equity:

17.a) Presentation of paid-in capital:

	Current Period (31.12.2022)	Prior Period (31.12.2021)
Common stock	2.500.000	2.000.000
Preferred stock	-	-

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

Capital System	Paid in Capital	Ceiling
Registered capital	2.500.000	10.000.000

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

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

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

There is no increase from capital reserves.

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

The Bank has no capital commitments.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)

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

17.e) Information on legal reserves:

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

17.f) Information on extraordinary reserves:

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

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

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

17.ğ) Information on preferred shares:

The Bank has no preferred shares.

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

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

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)

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

1. Information on off-balance sheet liabilities:

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

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

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

As of 31 December 2022, the first stage expected loss provision for non-compensated and non-cashed non-cash loans is TL 49.544 (31 December 2021: TL 20.724), third stage expected loss provision is TL 1 (31 December 2021: TL 1).

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

The Bank has guarantees given amounting to TL 441.565 (31 December 2021: TL 328.467). Letters of credit commitments is TL 118.700 (31 December 2021: TL 54.972). The Bank has no bank borrowings in the current period.

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

Total amount of the Bank's TL letters of guarantee are TL 2.481.196 (31 December 2021: TL 1.922.408). TL 1 (31 December 2021: TL 1) of this amount is letters of guarantee given to customs and other part is definite letters of guarantees.

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

	Current Period (31.12.2022)	Prior Period (31.12.2021)
Non-cash loans for providing cash loans	441.565	328.467
With original maturity of one year or less	-	-
With original maturity more than one year	441.565	328.467
Other non-cash loans	2.599.896	1.977.380
Total	3.041.461	2.305.847

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SECTION FIVE (Continued)

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

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

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

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

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

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

2. Information on derivative financial instruments:

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

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



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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)

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

3. Information on contingent liabilities and assets:

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

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

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

The Bank has committed to invest TL 25.000 in the Development Participation Venture Capital Investment Fund, TL 15.000 in the Innovative and Advanced Technologies Participation Venture Capital Investment Fund and USD 1,5 Million in the Development ODTÜ Teknokent Venture Capital Investment Fund of which the Bank’s subsidiary Development Private Equity Portfolio Management is the founder and manager. A capital share payment of TL 295 on 28 July 2021, TL 2.500 on 27 December 2021, TL 8.920 on 25 August 2022 to the Participation Venture Capital Investment Fund; TL 131 on 28 July 2021, TL 1.500 on 27 December 2021, TL 13.569 on 23 December 2022 to the Innovative and Advanced Technologies Participation Venture Capital Investment Fund and USD 1,5 Million on 28 December 2022 to the Development ODTÜ Teknokent Venture Capital Investment Fund have been made and as of the balance sheet date, TL 13.285 of the total commitment to these funds has not been paid yet.

The Bank has committed to invest TL 200.000 in the TKYB Capital Fund, of which Turkey Development Fund is the founder and Development Venture Capital Portfolio Management Inc. is the manager. Capital share payments of TL 2.401 on 30 September 2021, TL 297 on 26 November 2021, TL 28.122 on 3 January 2022, TL 142 on 20 January 2022, TL 1.020 on 3 February 2022, TL 8.263 on 29 March 2022 and TL 4.405 on 30 March 2022, TL 1.072 on 14 April 2022, TL 5.085 on 23 May 2022, TL 1.029 on 1 July 2022, TL 1.138 on 6 July 2022, TL 1.837 on 1 August 2022, TL 6.040 on 8 August 2022, TL 289 on 22 August 2022, TL 2.739 on 16 September 2022, TL 18.741 on 12 October 2022, TL 284 on 18 October 2022 and TL 2.474 on 31 October 2022 have been made. As of the balance sheet date, TL 114.622 of the total commitment to the fund has not been paid yet.

4. Services supplied on behalf of others

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



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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)

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

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

	Current Period (31.12.2022)		Prior Period (31.12.2021)	
	TL	FC	TL	FC
Interest on loans ^(*)				
Short term loans	223	6.958	4.507	1.168
Medium and long term loans	743.870	2.276.404	276.113	1.032.083
Interest on non-performing loans	99.063	-	60.092	-
Premiums received from resource utilization support fund	-	-	-	-
Total	843.156	2.283.362	340.712	1.033.251

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

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

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

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

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

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

None.

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

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

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2022

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

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)

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

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

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

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

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

None.

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

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

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

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

2.d) Leasing interest expenses:

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

3. Information related to dividend income:

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

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2022

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

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)

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

4. Information related to trading income/loss:

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

5. Information related to other operating income:

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

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

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

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



TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2022

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

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)

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

7. Information related to other operating expenses:

	Current Period (31.12.2022)	Prior Period (31.12.2021)
Provision for employee termination benefits ^(*)	10.887	5.773
Provision expense for bank social aid fund deficits	-	-
Fixed assets impairment charges	-	-
Depreciation charges of fixed assets	11.938	7.837
Intangible assets impairment charges	-	-
Goodwill impairment charges	-	-
Amortization charges of intangible assets	5.243	3.972
Impairment charges on investments accounted for at equity method accounting	-	-
Impairment charges of assets that will be disposed	-	-
Amortization charges of assets that will be disposed	-	-
Impairment charges for non-current assets held for sale and discontinued operations	-	-
Other operating expenses	47.117	24.789
Leasing expenses related to TFRS 16 exceptions	136	107
Maintenance expenses	171	376
Advertisement expenses	75	61
Other expenses ^(**)	46.735	24.245
Loss on sale of assets	-	-
Other ^(***)	42.295	23.063
Total	117.480	65.434

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

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

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

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

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

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



TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2022

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

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)

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

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

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

10. Information related to tax provisions for taxes:

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

11. Information related to net operating income after taxes:

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

12. Information on net profit/loss:

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

None.

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

There are no changes in accounting estimates.

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

The total amount of other fees and commissions received in the statement of profit or loss as of 31 December 2022 is TL 31.994 (31 December 2021: TL 39.532). TL 14.660 (31 December 2021: TL 20.393) of this amount is investment banking services income.

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

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

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

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

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2022

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

SECTION FIVE (Continued)

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

VI. Explanations and Notes Related to Cash Flow Statement:

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

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

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

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

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

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

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

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

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

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2022

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

SECTION FIVE (Continued)

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

VII. Explanations Related to Risk Group of the Bank:

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

a) Current Period:

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

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

b) Prior Period:

Risk Group	Subsidiaries, Associates and Jointly Controlled Entities (Joint Ventures)		Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans	-	-	-	-	-	-
Beginning Balance	3.759	-	-	-	-	-
Closing Balance (*)	3.834	-	-	-	-	-
Interest and Commissions Income	-	-	-	-	-	-

(*) TL 3.834 of loan disbursed to Arıcak A.Ş., a subsidiary of the Bank, has been followed in Group V. For this loan, TL 3.834 is set aside for the expected loss in the third stage.

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

None.

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

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

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

None.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2022

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

SECTION SIX

OTHER EXPLANATIONS

I. Other Explanations Related to Operations of the Bank:

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

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

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

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

II. Explanations and Notes Related to Subsequent Events:

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

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

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements as of 31 December 2022

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

SECTION SEVEN

INDEPENDENT AUDITOR'S REPORT

I. Explanations on Independent Auditor's Report:

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

II. Explanations and Notes Prepared by Independent Auditor:

None.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Consolidated Financial Statements As at and For the Year Ended 31 December 2022 With Independent Auditor's Report

(Convenience Translation of Consolidated
Financial Statements and Related Disclosures and
Footnotes Originally Issued in Turkish)



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Convenience Translation of the Independent Auditor’s Report Originally Prepared
and Issued in Turkish to English

To the Shareholders of Türkiye Kalkınma ve Yatırım Bankası Anonim Şirketi

A) Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Türkiye Kalkınma ve Yatırım Bankası Anonim Şirketi (“the Bank”) and its subsidiaries (together will be referred as “the Group”) which comprise the consolidated balance sheet as at 31 December 2022 and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in shareholders’ equity, consolidated statement of cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

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

Basis for Opinion

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

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
a bağımsız denetim ve serbest muhasebeci mali müşavirlik firmasıdır. The KPMG network of independent
member firms affiliated with the KPMG network of member firms affiliated with the KPMG network of independent



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

Key Audit Matters

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

Impairment of loans measured at amortised cost

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

Key audit matter	How the matter is addressed in our audit
As of 31 December 2022, loans amount comprise 66% of Group’s total assets. The Bank recognizes its loans measured at amortised cost in accordance with the Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside (the “Regulation”) published on the Official Gazette No. 29750 dated 22 June 2016 which became effective on 1 January 2018 and TFRS 9 Financial Instruments standard (“Standard”). As of 1 January 2019, due to the new adoption of the Standard, in determining the impairment of financial assets the Bank started to apply “expected credit loss model” instead of the “incurred loss model”. The new model contains significant assumptions and estimates. The significant assumptions and estimates of the Bank’s management are as follows: • determination of significant increase in credit risk since initial recognition of loans in financial statements. • incorporating the forward looking macroeconomic information in calculation of credit risk.	Our procedures for auditing the impairment of loans measured at amortised cost include below: • We tested the design and operating effectiveness of the controls on lending, collateralization, collection, follow-up, classification and impairment procedures are tested with the involvement of information risk management specialists. We evaluated the adequacy of the subjective and objective criteria that is defined in the Bank’s impairment accounting policy compared with the Regulation and Standard. • We evaluated the model and methodology and the evaluation of the calculations carried out with the control testing and detail analysis by the involvement of specialists. • We performed loan reviews for selected loan samples which include a detailed examination of loan files and related information and testing their classification. In this context, the current status of the loan customer has been evaluated on prospective information and macroeconomic variables.





• design and implementation of expected credit loss model. The determination of the impairment of loans measured at amortised cost depends on the credit default status, the model based on the change in the credit risk at the first recognition date and the classification of the loans measured at amortised cost according to the model. Establishing an accurate classification is a significant process as the calculation of expected credit loss varies to the staging of the financial assets. The Group calculates expected credit losses on both an individual and a collective basis. Individual provisions consider the estimated future performance of the business and the fair value of the collateral provided for credit transactions. The collective basis expected credit loss calculation is based on complex processes which are modelled by using current and past data sets and expectations. The completeness and accuracy of data sets in the model are also considered and the forward looking expectations are reflected by macroeconomic models. Impairment on loans measured at amortised cost is determined as a key audit matter, due to the significance of the estimates, assumptions, the level of judgements and its complex structure as explained above.	• We evaluated the accuracy of the expected credit loss calculations for the loans which are assessed on individual basis on the assumptions and estimates. • We tested the accuracy and completeness of the data in the calculation models for the loans which are assessed on collective basis. The expected credit loss calculation was tested through recalculation. The models used for the calculation of the risk parameters were examined and the risk parameters for the selected sample portfolios were recalculated. • We assessed the macroeconomic models that are used to reflect forward looking expectations and tested the effect of the risk parameters by recalculation method. • We evaluated the qualitative and quantitative assessments which are used in determining the significant increase in credit risk. • We evaluated the adequacy of the disclosures in the consolidated financial statements related to impairment provisions.
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Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

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



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

Responsibilities of auditors in an audit are as follows:

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.





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

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

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

B) Report on Other Legal and Regulatory Requirements

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

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

Additional paragraph for convenience translation to English:

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

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

Orhan Akova
Partner, SMMM

9 February 2023
İstanbul, Türkiye

THE CONSOLIDATED FINANCIAL REPORT OF TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş. OF 31 DECEMBER 2022

The Headquarters Address	Saray Mahallesi Dr.Adnan Büyükdeniz Cad. No:10 Ümraniye / İSTANBUL
Telephone and Facsimile	Tel : 0216 636 87 00 Fax: 0216 630 18 15
Website Address	http://www.kalkinma.com.tr
E-mail Address	muhasebe@kalkinma.com.tr

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

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

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

Subsidiaries

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

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

Dr. Raci KAYA
Chairman of the Board

İbrahim H. ÖZTOP
CEO and Board Member

Dr. Turgay GEÇER
Chairman of Audit
Committee

Erdal ERDEM
Deputy Chairman of
Audit Committee

Salim Can KARASIKLI
Member of Audit
Committee

Ömer KARADEMİR
Member of Audit
Committee

Nuri Yasin KILAHÇI
Executive Vice President

Aydın TOSUN
Head of Financial Affairs

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

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

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TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements As of 31 December 2022

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

SECTION ONE

GENERAL INFORMATION

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

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

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

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

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

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

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

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

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

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements As of 31 December 2022

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

SECTION ONE (Continued)

GENERAL INFORMATION (Continued)

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

Chairman and Members of the Board of Directors:

Name Surname	Duty	Assignment Date	Education Level	Experience in Banking Sector (Years)
Dr. Raci KAYA	Chairman of the Board	09.11.2020	Doctorate	33
Ömer KARADEMİR(*)	Deputy Chairman of the Board	25.03.2022	Master’s Degree	16
İbrahim H. ÖZTOP	CEO and Board Member	13.12.2018	Master’s Degree	26
Salim Can KARAŞIKLI	Board Member	13.12.2018	Bachelor’s Degree	28
Dr. Turgay GEÇER	Board Member	27.05.2019	Doctorate	31
Erdal ERDEM	Board Member	10.07.2020	Bachelor’s Degree	27
Onur GÖK(*)	Board Member	21.06.2022	Master’s Degree	11

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

General Manager, Executive Vice Presidents(**):

Name Surname	Duty	Assignment Date	Education Level	Experience in Banking Sector (Years)
İbrahim H. ÖZTOP	General Manager / Information Security, Legal Affairs, CEO and Board of Directors Office Services and all other areas	16.08.2018	Master’s Degree	26
Satı BALCI	EVP/ Subsidiaries and Corporate Relations, Loan Operations, Treasury and Capital Markets Operations, Turkey Development Fund	07.11.2017	Bachelor’s Degree	34
Seçil KIZILKAYA YILDIZ	EVP/ Financial Analysis and Valuation, Engineering, Economic Research, Sectoral Research, Mergers and Acquisition Advisory, Capital Markets Advisory, Financial Advisory, Corporate Communications, Sustainability and Environmental Social Impact Management	08.03.2019	Bachelor’s Degree	23
Emine Özlem CİNEMRE	EVP/ Treasury, Financial Institutions, Development Finance Institutions, Development Cooperation and Wholesale Banking	20.05.2019	Bachelor’s Degree	35
Ali YUNUSLAR	EVP / IT Application Development, IT System and Infrastructure, Enterprise Architecture and Project Management	08.02.2022	Master’s Degree	21
Yeşim ŞİMŞEK (*)	EVP / Corporate Banking and Project Finance, Corporate Banking Sales	06.06.2022	Bachelor’s Degree	32
Muzaffer Gökhan SONGÜL(***)	EVP / Loan Allocation, Loan Monitoring	05.09.2022	Master’s Degree	19
Nuri Yasin KÜLAHÇI(****)	EVP / Human Resources, Support Services, Financial Affairs, Strategy and Organization, Budget and Cost Management	18.10.2022	Master’s Degree	17

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

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

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

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

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

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements As of 31 December 2022

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

SECTION ONE (Continued)

GENERAL INFORMATION (Continued)

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

Chief Internal Inspector:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SECTION TWO

CONSOLIDATED FINANCIAL STATEMENTS

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



TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Consolidated Balance Sheet
(Statement of Financial Position)
as of 31 December 2022

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

I. CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)		Notes (Section Five I)	Audited Current Period 31 December 2022			Audited Prior Period 31 December 2021		
ASSETS			TL	FC	TOTAL	TL	FC	TOTAL
I.	FINANCIAL ASSETS (NET)	(1)	18.032.209	6.310.761	24.342.970	4.932.631	3.488.917	8.421.548
I.1	Cash and Cash Equivalents		14.388.909	986.195	15.375.104	3.939.038	328.579	4.267.617
I.1.1	Cash and Balances with Central Bank		835	-	835	2.051	-	2.051
I.1.2	Banks		7.771.810	986.195	8.758.005	2.950.096	328.579	3.278.675
I.1.3	Money Markets		6.634.417	-	6.634.417	993.282	-	993.282
I.1.4	Expected Credit Loss (-)		(18.153)	-	(18.153)	(6.391)	-	(6.391)
I.2	Financial Assets Measured at Fair Value Through Profit or Loss		132.363	157.466	289.829	7.124	213.743	220.867
I.2.1	Government Securities		-	-	-	-	-	-
I.2.2	Equity Securities		132.363	157.466	289.829	-	213.743	213.743
I.2.3	Other Financial Assets		-	-	-	7.124	-	7.124
I.3	Financial Assets Measured at Fair Value Through Other Comprehensive Income		3.479.843	5.167.100	8.646.943	986.104	2.946.595	3.932.699
I.3.1	Government Securities		2.346.094	3.580.286	5.926.380	959.627	1.720.811	2.680.438
I.3.2	Equity Securities		17.174	-	17.174	16.477	-	16.477
I.3.3	Other Financial Assets		1.116.575	1.586.814	2.703.389	10.000	1.225.784	1.235.784
I.4	Derivative Financial Assets		31.094	-	31.094	365	-	365
I.4.1	Derivative Financial Assets Measured at Fair Value Through Profit or Loss		31.094	-	31.094	365	-	365
I.4.2	Derivative Financial Assets Measured at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
II.	FINANCIAL ASSETS MEASURED AT AMORTISED COST (NET)	(2)	13.018.947	53.876.990	66.895.937	2.613.432	37.092.441	39.705.873
2.1	Loans		10.460.592	49.879.703	60.340.295	3.239.180	34.244.039	37.483.219
2.2	Lease Receivables		1	-	1	-	-	-
2.3	Factoring Receivables		-	-	-	-	-	-
2.4	Other Financial Assets Measured at Amortised Cost		3.667.974	3.997.287	7.665.261	163.990	2.848.402	3.012.392
2.4.1	Government Securities		3.564.936	3.997.287	7.562.223	163.990	2.848.402	3.012.392
2.4.2	Other Financial Assets		103.038	-	103.038	-	-	-
2.5	Expected Credit Loss (-)		(1.109.620)	-	(1.109.620)	(789.738)	-	(789.738)
III.	ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	(3)	-	-	-	-	-	-
3.1	Held for Sale Purpose		-	-	-	-	-	-
3.2	Related to Discontinued Operations		-	-	-	-	-	-
IV.	EQUITY INVESTMENTS	(4)	10.586	-	10.586	10.119	-	10.119
4.1	Associates (Net)		10.586	-	10.586	10.119	-	10.119
4.1.1	Associates Accounted Based on Equity Method		-	-	-	-	-	-
4.1.2	Unconsolidated Financial Subsidiaries		10.586	-	10.586	10.119	-	10.119
4.2	Subsidiaries (Net)		-	-	-	-	-	-
4.2.1	Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
4.2.2	Unconsolidated Non-Financial Subsidiaries		-	-	-	-	-	-
4.3	Joint Ventures (Net)		-	-	-	-	-	-
4.3.1	Joint Ventures Accounted Based on Equity Method		-	-	-	-	-	-
4.3.2	Unconsolidated Joint Ventures		-	-	-	-	-	-
V.	TANGIBLE ASSETS (Net)	(8)	89.436	-	89.436	27.953	-	27.953
VI.	INTANGIBLE ASSETS (Net)	(9)	21.673	-	21.673	21.875	-	21.875
6.1	Goodwill		-	-	-	-	-	-
6.2	Other		21.673	-	21.673	21.875	-	21.875
VII.	INVESTMENT PROPERTY (Net)	(10)	-	-	-	-	-	-
VIII.	CURRENT TAX ASSET	(11)	-	-	-	-	-	-
IX.	DEFERRED TAX ASSET	(12)	169.179	-	169.179	95.678	-	95.678
X.	OTHER ASSETS	(14)	51.637	118.378	170.015	26.173	69.511	95.684
TOTAL ASSETS			31.393.667	60.306.129	91.699.796	7.727.861	40.650.869	48.378.730

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



TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Consolidated Balance Sheet
(Statement of Financial Position)
as of 31 December 2022

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

I. CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)		Notes (Section Five II)	Audited Current Period 31 December 2022			Audited Prior Period 31 December 2021					
			LIABILITIES			TL	FC	TOTAL	TL	FC	TOTAL
			TL	FC	TOTAL	TL	FC	TOTAL			
I.	DEPOSITS	(1)	-	-	-	-	-	-	-	-	-
II.	FUNDS BORROWED	(2)	8.959.064	54.380.664	63.339.728	2.324.263	35.586.672	37.910.935	-	-	-
III.	MONEY MARKET FUNDS	(3)	2.945.163	-	2.945.163	629.707	-	629.707	-	-	-
IV.	SECURITIES ISSUED (Net)	(4)	103.023	2.018.433	2.121.456	51.882	-	51.882	-	-	-
4.1	Bills		-	-	-	-	-	-	-	-	-
4.2	Asset Backed Securities		103.023	-	103.023	51.882	-	51.882	-	-	-
4.3	Bonds		-	2.018.433	2.018.433	-	-	-	-	-	-
V.	FUNDS	(5)	6.158.015	2.260.810	8.418.825	463.536	1.065.255	1.528.791	-	-	-
5.1	Borrower Funds		1.626.575	1.425.057	3.051.632	443.427	319.769	763.196	-	-	-
5.2	Other		4.531.440	835.753	5.367.193	20.109	745.486	765.595	-	-	-
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS			(6)	-	-	-	-	-	-	-	-
VII.	DERIVATIVE FINANCIAL LIABILITIES	(7)	11.157	-	11.157	26.693	-	26.693	-	-	-
7.1	Derivative Financial Liabilities at Fair Value Through Profit or Loss		11.157	-	11.157	26.693	-	26.693	-	-	-
7.2	Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-	-	-	-
VIII.	FACTORING LIABILITIES	(8)	-	-	-	-	-	-	-	-	-
IX.	LEASE LIABILITIES (Net)	(9)	24.161	-	24.161	10.479	-	10.479	-	-	-
X.	PROVISIONS	(11)	165.756	-	165.756	73.649	-	73.649	-	-	-
10.1	Restructuring Provisions		-	-	-	-	-	-	-	-	-
10.2	Reserve for Employee Benefits		113.806	-	113.806	50.974	-	50.974	-	-	-
10.3	Insurance Technical Provisions (Net)		-	-	-	-	-	-	-	-	-
10.4	Other Provisions		51.950	-	51.950	22.675	-	22.675	-	-	-
XI.	CURRENT TAX LIABILITY	(12)	287.483	-	287.483	25.194	-	25.194	-	-	-
XII.	DEFERRED TAX LIABILITY	(13)	-	-	-	-	-	-	-	-	-
LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)			(14)	-	-	-	-	-	-	-	-
XIII.	RELATED TO DISCONTINUED OPERATIONS (Net)		-	-	-	-	-	-	-	-	-
13.1	Held for Sale Purpose		-	-	-	-	-	-	-	-	-
13.2	Related to Discontinued Operations		-	-	-	-	-	-	-	-	-
XIV.	SUBORDINATED DEBT INSTRUMENTS	(15)	2.301.046	4.646.290	6.947.336	-	3.350.857	3.350.857	-	-	-
14.1	Borrowings		2.301.046	4.646.290	6.947.336	-	3.350.857	3.350.857	-	-	-
14.2	Other Debt Instruments		-	-	-	-	-	-	-	-	-
XV.	OTHER LIABILITIES	(16)	268.447	316.544	584.991	86.863	218.043	304.906	-	-	-
XVI.	SHAREHOLDERS' EQUITY	(17)	6.865.659	(11.919)	6.853.740	4.498.936	(33.299)	4.465.637	-	-	-
16.1	Paid-in capital		2.500.000	-	2.500.000	2.000.000	-	2.000.000	-	-	-
16.2	Capital Reserves		210.112	-	210.112	209.821	-	209.821	-	-	-
16.2.1	Share Premium		4.038	-	4.038	3.747	-	3.747	-	-	-
16.2.2	Share Cancellation Profits		-	-	-	-	-	-	-	-	-
16.2.3	Other Capital Reserves		206.074	-	206.074	206.074	-	206.074	-	-	-
Accumulated Other Comprehensive Income or Loss that will not be Reclassified to Profit or Loss			(506)	-	(506)	(998)	-	(998)	-	-	-
16.3	Profit or Loss		-	-	-	-	-	-	-	-	-
Accumulated Other Comprehensive Income or Loss that will be Reclassified to Profit or Loss			176.527	(11.919)	164.608	10.040	(33.299)	(23.259)	-	-	-
16.4	Profit or Loss		2.277.957	-	2.277.957	1.463.876	-	1.463.876	-	-	-
16.5	Profit Reserves		135.423	-	135.423	94.604	-	94.604	-	-	-
16.5.1	Legal Reserves		-	-	-	-	-	-	-	-	-
16.5.2	Status Reserves		-	-	-	-	-	-	-	-	-
16.5.3	Extraordinary Reserves		2.088.274	-	2.088.274	1.315.798	-	1.315.798	-	-	-
16.5.4	Other Profit Reserves		54.260	-	54.260	53.474	-	53.474	-	-	-
16.6	Profit or (Loss)		1.701.569	-	1.701.569	816.197	-	816.197	-	-	-
16.6.1	Prior Periods' Profit or (Loss)		1.171	-	1.171	(270)	-	(270)	-	-	-
16.6.2	Current Period Profit or (Loss)		1.700.398	-	1.700.398	816.467	-	816.467	-	-	-
16.7	Minority Shares		-	-	-	-	-	-	-	-	-
TOTAL LIABILITIES				28.088.974	63.610.822	91.699.796	8.191.202	40.187.528	48.378.730	-	-

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



TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Consolidated Statement of Off-Balance Sheet as of 31 December 2022

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

II.	CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET ACCOUNTS	Notes (Section Five III)	Audited Current Period 31 December 2022			Audited Prior Period 31 December 2021		
			TL	FC	TOTAL	TL	FC	TOTAL
A.	OFF-BALANCE SHEET COMMITMENTS (I-II+III)		15.895.680	24.864.825	40.760.505	2.387.722	8.442.355	10.830.077
I.	GUARANTEES AND WARRANTIES	(1)	72.418	2.969.043	3.041.461	53.172	2.252.675	2.305.847
1.1	Letters of Guarantee		72.418	2.408.778	2.481.196	53.172	1.869.236	1.922.408
1.1.1	Guarantees Subject to State Tender Law		-	-	-	-	-	-
1.1.2	Guarantees Given for Foreign Trade Operations		1	-	1	1	-	1
1.1.3	Other Letters of Guarantee		72.417	2.408.778	2.481.195	53.171	1.869.236	1.922.407
1.2	Bank Acceptances		-	-	-	-	-	-
1.2.1	Import Letter of Acceptance		-	-	-	-	-	-
1.2.2	Other Bank Acceptances		-	-	-	-	-	-
1.3	Letters of Credit		-	118.700	118.700	-	54.972	54.972
1.3.1	Documentary Letters of Credit		-	118.700	118.700	-	-	-
1.3.2	Other Letters of Credit		-	-	-	-	54.972	54.972
1.4	Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5	Endorsements		-	-	-	-	-	-
1.5.1	Endorsements to the Central Bank of the Republic of Turkey		-	-	-	-	-	-
1.5.2	Other Endorsements		-	-	-	-	-	-
1.6	Purchase Guarantees on Marketable Security Issuance		-	-	-	-	-	-
1.7	Factoring Guarantees		-	-	-	-	-	-
1.8	Other Guarantees		-	441.565	441.565	-	328.467	328.467
1.9	Other Collaterals		-	-	-	-	-	-
II.	COMMITMENTS	(1,3)	4.274.782	8.176.009	12.450.791	1.916.978	4.052.963	5.969.941
2.1	Irrevocable Commitments		376.782	291.108	667.890	269.737	133.925	403.662
2.1.1	Asset Purchase and Sale Commitments		248.875	285.102	533.977	32.861	102.069	134.930
2.1.2	Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3	Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4	Loan Granting Commitments		-	-	-	-	-	-
2.1.5	Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6	Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7	Commitments for Cheques		-	-	-	-	-	-
2.1.8	Tax and Fund Liabilities from Export Commitments		-	-	-	-	-	-
2.1.9	Commitments for Credit Card Limits		-	-	-	-	-	-
2.1.10	Commitments for Credit Cards and Banking Services Promotions		-	-	-	-	-	-
2.1.11	Receivables from Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12	Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.13	Other Irrevocable Commitments		127.907	6.006	133.913	236.876	31.856	268.732
2.2	Revocable Commitments		3.898.000	7.884.901	11.782.901	1.647.241	3.919.038	5.566.279
2.2.1	Revocable Loan Granting Commitments		3.898.000	7.884.901	11.782.901	1.647.241	3.919.038	5.566.279
2.2.2	Other Revocable Commitments		-	-	-	-	-	-
III.	DERIVATIVE FINANCIAL INSTRUMENTS	(2)	11.548.480	13.719.773	25.268.253	417.572	2.136.717	2.554.289
3.1	Hedging Derivative Financial Instruments		-	-	-	-	-	-
3.1.1	Transactions for Fair Value Hedge		-	-	-	-	-	-
3.1.2	Transactions for Cash Flow Hedge		-	-	-	-	-	-
3.1.3	Transactions for Foreign Net Investment Hedge		-	-	-	-	-	-
3.2	Trading Transactions		11.548.480	13.719.773	25.268.253	417.572	2.136.717	2.554.289
3.2.1	Forward Foreign Currency Buy/Sell Transactions		-	-	-	-	-	-
3.2.1.1	Forward Foreign Currency Transactions-Buy		-	-	-	-	-	-
3.2.1.2	Forward Foreign Currency Transactions-Sell		-	-	-	-	-	-
3.2.2	Swap Transactions Related to Foreign Currency and Interest Rates		11.548.480	13.719.773	25.268.253	417.572	2.136.717	2.554.289
3.2.2.1	Foreign Currency Swap-Buy		4.004.626	8.635.097	12.639.723	417.572	846.860	1.264.432
3.2.2.2	Foreign Currency Swap-Sell		7.543.854	5.084.676	12.628.530	-	1.289.857	1.289.857
3.2.2.3	Interest Rate Swap-Buy		-	-	-	-	-	-
3.2.2.4	Interest Rate Swap-Sell		-	-	-	-	-	-
3.2.3	Foreign Currency, Interest rate and Securities Options		-	-	-	-	-	-
3.2.3.1	Foreign Currency Options-Buy		-	-	-	-	-	-
3.2.3.2	Foreign Currency Options-Sell		-	-	-	-	-	-
3.2.3.3	Interest Rate Options-Buy		-	-	-	-	-	-
3.2.3.4	Interest Rate Options-Sell		-	-	-	-	-	-
3.2.3.5	Securities Options-Buy		-	-	-	-	-	-
3.2.3.6	Securities Options-Sell		-	-	-	-	-	-
3.2.4	Foreign Currency Futures		-	-	-	-	-	-
3.2.4.1	Foreign Currency Futures-Buy		-	-	-	-	-	-
3.2.4.2	Foreign Currency Futures-Sell		-	-	-	-	-	-
3.2.5	Interest Rate Futures		-	-	-	-	-	-
3.2.5.1	Interest Rate Futures-Buy		-	-	-	-	-	-
3.2.5.2	Interest Rate Futures-Sell		-	-	-	-	-	-
3.2.6	Other		-	-	-	-	-	-
B.	CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		34.846.478	138.878.523	173.725.001	11.329.202	95.510.930	106.840.132
IV.	ITEMS HELD IN CUSTODY		145.502	-	145.502	336.689	-	336.689
4.1	Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2	Investment Securities Held in Custody		145.502	-	145.502	336.689	-	336.689
4.3	Checks Received for Collection		-	-	-	-	-	-
4.4	Commercial Notes Received for Collection		-	-	-	-	-	-
4.5	Other Assets Received for Collection		-	-	-	-	-	-
4.6	Assets Received for Public Offering		-	-	-	-	-	-
4.7	Other Items Under Custody		-	-	-	-	-	-
4.8	Custodians		-	-	-	-	-	-
V.	PLEDGES RECEIVED		34.700.976	138.878.523	173.579.499	10.992.513	95.510.930	106.503.443
5.1	Marketable Securities		14.456.671	-	14.456.671	842.803	-	842.803
5.2	Guarantee Notes		23.802	8.409.098	8.432.900	29.532	6.872.286	6.901.818
5.3	Commodity		-	-	-	-	-	-
5.4	Warranty		-	-	-	-	-	-
5.5	Immovable		18.515.370	112.182.375	130.697.745	9.711.006	72.054.301	81.765.306
5.6	Other Pledged Items		1.552.935	14.503.877	16.056.812	167.279	12.667.237	12.834.516
5.7	Pledged Items-Depository		152.198	3.783.173	3.935.371	241.894	3.917.106	4.159.000
VI.	ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		-	-	-	-	-	-
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)			50.742.158	163.743.348	214.485.506	13.716.924	103.953.285	117.670.209

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

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Consolidated Statement of Profit or Loss for the Year Ended 31 December 2022

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

III. CONSOLIDATED STATEMENT OF PROFIT OR LOSS		Notes (Section Five IV)	Audited	
			Current Period 1 January-31 December 2022	Prior Period 1 January-31 December 2021
INCOME AND EXPENSE ITEMS				
I.	INTEREST INCOME	(1)	6.493.201	2.220.127
1.1	Interest on Loans		3.126.518	1.373.963
1.2	Interest on Reserve Requirements		-	-
1.3	Interest on Banks		1.034.659	372.703
1.4	Interest on Money Market Transactions		455.531	139.605
1.5	Interest on Marketable Securities Portfolio		1.874.236	333.814
1.5.1	Fair Value Through Profit or Loss		18	-
1.5.2	Fair Value Through Other Comprehensive Income		687.078	181.250
1.5.3	Measured at Amortised Cost		1.187.140	152.564
1.6	Financial Lease Income		-	-
1.7	Other Interest Income		2.257	42
II.	INTEREST EXPENSE (-)	(2)	(3.488.937)	(843.031)
2.1	Interest on Deposits		-	-
2.2	Interest on Funds Borrowed		(2.947.765)	(772.495)
2.3	Interest Expense on Money Market Transactions		(269.817)	(40.437)
2.4	Interest on Securities Issued		(27.463)	-
2.5	Measured at Amortised Expense		(2.477)	(2.498)
2.6	Other Interest Expenses		(241.415)	(27.601)
III.	NET INTEREST INCOME (I - II)		3.004.264	1.377.096
IV.	NET FEES AND COMMISSIONS INCOME		99.883	48.785
4.1	Fees and Commissions Received		121.342	64.745
4.1.1	Non-cash Loans		59.206	15.562
4.1.2	Other		62.136	49.183
4.2	Fees and Commissions Paid		(21.459)	(15.960)
4.2.1	Non-cash Loans		-	-
4.2.2	Other		(21.459)	(15.960)
V.	DIVIDEND INCOME	(3)	47.940	105.974
VI.	TRADING PROFIT / (LOSS) (Net)	(4)	53.886	69.153
6.1	Trading Gains / (Losses) on Securities		104.976	20.338
6.2	Gains / (Losses) on Derivative Financial Transactions		289.590	(744)
6.3	Foreign Exchange Gains / (Losses)		(340.680)	49.559
VII.	OTHER OPERATING INCOME	(5)	145.675	106.177
VIII.	GROSS OPERATING INCOME (III+IV+V+VI+VII)		3.351.648	1.707.185
IX.	EXPECTED CREDIT LOSS (-)	(6)	(495.232)	(488.184)
X.	OTHER PROVISION EXPENSE (-)		(186.833)	(44.222)
XI.	PERSONNEL EXPENSE (-)		(221.325)	(98.498)
XII.	OTHER OPERATING EXPENSES (-)	(7)	(115.549)	(61.258)
XIII.	NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)		2.332.709	1.015.023
XIV.	EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER		-	-
XV.	INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD		-	-
XVI.	INCOME/(LOSS) ON NET MONETARY POSITION		-	-
XVII.	PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XIII+...+XVI)	(9)	2.332.709	1.015.023
XVIII.	TAX PROVISION FOR CONTINUED OPERATIONS (4)	(10)	(632.311)	(198.556)
18.1	Current Tax Provision		(774.028)	(257.424)
18.2	Deferred Tax Income Effect (+)		-	-
18.3	Deferred Tax Expense Effect (-)		141.717	58.868
XIX.	CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XVII+XVIII)	(11)	1.700.398	816.467
XX.	INCOME FROM DISCONTINUED OPERATIONS		-	-
20.1	Income from Non-current Assets Held for Sale		-	-
20.2	Profit from Sales of Associates, Subsidiaries and Joint Ventures		-	-
20.3	Income from Other Discontinued Operations		-	-
XXI.	EXPENSES FOR DISCONTINUED OPERATIONS (-)		-	-
21.1	Expenses for Non-current Assets Held for Sale		-	-
21.2	Loss from Sales of Associates, Subsidiaries and Joint Ventures		-	-
21.3	Expenses for Other Discontinued Operations		-	-
XXII.	PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XX-XXI)		-	-
XXIII.	TAX PROVISION FOR DISCONTINUED OPERATIONS (4)		-	-
23.1	Current Tax Provision		-	-
23.2	Deferred Tax Expense Effect (+)		-	-
23.3	Deferred Tax Income Effect (-)		-	-
XXIV.	CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII+XXIII)		-	-
XXV.	NET PROFIT/(LOSS) (XIX+XXIV)	(12)	1.700.398	816.467
25.1	Group Profit / Loss		1.700.398	816.467
25.2	Minority Shares Profit / Loss (-)	(14)	-	-
Earning/(Loss) per share (in TL full)			0,007	0,004

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

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Consolidated Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 31 December 2022

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

IV. CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	Audited Current Period 1 January- 31 December 2022	Audited Prior Period 1 January- 31 December 2021
I. CURRENT PERIOD PROFIT/LOSS	1.700.398	816.467
II. OTHER COMPREHENSIVE INCOME	188.359	(38.823)
2.1 Not Reclassified to Profit or Loss	492	(650)
2.1.1 Property and Equipment Revaluation Increase/Decrease	-	-
2.1.2 Intangible Assets Revaluation Increase/Decrease	-	-
2.1.3 Defined Benefit Pension Plan Remeasurement Gain/Loss	656	(813)
2.1.4 Other Comprehensive Income Items Not Reclassified Through Profit or Loss	-	-
2.1.5 Tax Related Other Comprehensive Income Items Not Reclassified Through Profit or Loss	(164)	163
2.2 Reclassified to Profit or Loss	187.867	(38.173)
2.2.1 Foreign Currency Translation Differences	-	-
2.2.2 Valuation and/or Reclassification Income/Expense of the Financial Assets at Fair Value through Other Comprehensive Income	254.441	(56.766)
2.2.3 Cash Flow Hedge Income/Loss	-	-
2.2.4 Foreign Net Investment Hedge Income/Loss	-	-
2.2.5 Other Comprehensive Income Items Reclassified Through Profit or Losses	1.467	-
2.2.6 Tax Related Other Comprehensive Income Items Reclassified Through Profit or Loss	(68.041)	18.593
III. TOTAL COMPREHENSIVE INCOME (I+II)	1.888.757	777.644

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



TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.
Consolidated Statement of Changes in Shareholders' Equity for the Year Ended 31 December 2022
(Thousands of Turkish Lira (TL) unless otherwise stated)

V. CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Paid-in Capital	Share Premium	Share Certificate Cancel Profits	Other Capital Reserves	Other Comprehensive Income/Expense Items not to be Reclassified to Profit or Loss						Profit Reserves	Prior Period Net Income (Loss)	Current Period Net Income (Loss)	Total Equity Excluding Minority Shares	Minority Shares	Total Equity
					1	2	3	4	5	6						
					Other Comprehensive Income/Expense Items not to be Reclassified to Profit or Loss											
					Other Comprehensive Income/Expense Items not to be Reclassified to Profit or Loss											
Prior Period 31 December 2021																
I.	Balance at the beginning of the period	1,600,000	3,683	-	206,074	-	(348)	-	-	14,914	-	-	-	3,587,942	-	3,587,942
II.	Adjustment in accordance with TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	Effect of adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	New balance (I+II)	1,600,000	3,683	-	206,074	-	(348)	-	-	14,914	-	-	-	3,587,942	-	3,587,942
IV.	Total comprehensive income (loss)	-	64	-	-	-	(680)	-	-	(38,173)	-	-	816,467	777,644	-	777,644
V.	Capital increase in cash	100,000	-	-	-	-	-	-	-	-	-	-	-	100,064	-	100,064
VI.	Capital increase through internal reserves	300,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Issued capital in full adjustment difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Convertible bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Subordinated debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Income (decrease) through other changes, equity	-	-	-	-	-	-	-	-	-	-	(13)	-	(13)	-	(13)
XI.	Profit distribution	-	-	-	-	-	-	-	-	-	-	501,840	-	-	-	-
Dividends distributed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers to legal reserves	-	-	-	-	-	-	-	-	-	-	-	501,840	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Balances (III+IV+.....+X+XI)	2,000,000	3,747	-	206,074	-	(998)	-	-	(23,259)	-	1,463,876	(270)	816,467	4,465,637	4,465,637
Current Period 31 December 2022																
I.	Balance at the beginning of the period	2,000,000	3,747	-	206,074	-	(998)	-	-	(23,259)	-	1,463,876	816,197	-	4,465,637	-
II.	Adjustment in accordance with TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	Effect of adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	New balance (I+II)	2,000,000	3,747	-	206,074	-	(998)	-	-	(23,259)	-	1,463,876	816,197	-	4,465,637	-
IV.	Total comprehensive income (loss)	-	291	-	-	-	492	-	-	186,400	1,467	-	-	1,700,398	1,888,757	4,465,637
V.	Capital increase in cash	500,000	-	-	-	-	-	-	-	-	-	-	-	-	500,291	-
VI.	Capital increase through internal reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Issued capital in full adjustment difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Convertible bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Subordinated debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Increase (decrease) through other changes, equity	-	-	-	-	-	-	-	-	-	-	34	21	-	55	-
XI.	Profit distribution	-	-	-	-	-	-	-	-	-	-	814,047	(815,047)	-	(1,000)	-
Dividends distributed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers to legal reserves	-	-	-	-	-	-	-	-	-	-	-	814,047	(814,047)	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Balances (III+IV+.....+X+XI)	2,500,000	4,038	-	206,074	-	(506)	-	-	163,141	1,467	2,277,957	1,171	1,700,398	6,853,740	6,853,740

1. Tangible and Intangible Assets Revaluation Reserve.
2. Accumulated Gains / Losses on Remeasurements of Defined Benefit Plans.
3. Other (Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will not be Reclassified to Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income that will not be Reclassified to Profit or Loss).
4. Exchanges Differences on Translation.
5. Other (Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will not be Reclassified to Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income that will not be Reclassified to Profit or Loss).
6. Other (Accumulated Gains of Losses on Cash Flow Hedges, Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will be Reclassified to Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income that will be Reclassified to Profit or Loss).



TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Consolidated Statement of Cash Flows for the Year Ended 31 December 2022

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

VI. CONSOLIDATED STATEMENT OF CASH FLOWS			
	Notes (Section Five V)	Audited Current Period 1 January-31 December 2022	Audited Prior Period 1 January-31 December 2021
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating Profit Before Changes in Operating Assets and Liabilities	(1)	1.291.986	756.191
1.1.1 Interest Received		4.719.128	1.823.220
1.1.2 Interest Paid		(1.959.750)	(563.668)
1.1.3 Dividend Received		47.940	105.975
1.1.4 Fees and Commissions Received		91.200	55.094
1.1.5 Other Income		90.074	135.355
1.1.6 Collections from Previously Written-off Loans and Other Receivables		190.905	22.463
1.1.7 Payments to Personnel and Service Suppliers		(235.946)	(100.209)
1.1.8 Taxes Paid	(1)	(527.805)	(289.631)
1.1.9 Other	(1)	(1.123.760)	(432.408)
1.2 Changes in Operating Assets and Liabilities		10.431.335	(393.755)
1.2.1 Net Increase/Decrease in Financial Assets at Fair Value Through Profit or Loss		(75.292)	74.760
1.2.2 Net (increase) / decrease in due from banks and other financial institutions		-	-
1.2.3 Net (increase) / decrease in loans		(8.513.124)	(3.097.730)
1.2.4 Net (increase) / decrease in other assets		(45.498)	(43.991)
1.2.5 Net increase / (decrease) in bank deposits		-	-
1.2.6 Net increase / (decrease) in other deposits		-	-
1.2.7 Net increase/ (decrease) in Financial Liabilities at Fair Value Through Profit or Loss		-	-
1.2.8 Net increase / (decrease) in funds borrowed		10.298.591	1.210.921
1.2.9 Net increase / (decrease) in payables	(1)	-	-
1.2.10 Net increase / (decrease) in other liabilities	(1)	8.766.658	1.462.285
I. Net Cash Provided from Banking Operations		11.723.321	362.436
B. CASH FLOWS FROM INVESTMENT ACTIVITIES			
II. Net Cash Provided from Investing Activities		(5.244.608)	(1.865.091)
2.1 Cash paid for acquisition of investments, associates and subsidiaries		-	-
2.2 Cash obtained from disposal of investments, associates and subsidiaries		-	8.574
2.3 Purchases of property and equipment		(46.658)	(2.727)
2.4 Disposals of property and equipment		38.762	77.303
2.5 Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		(9.709.685)	(4.214.092)
2.6 Sale of Financial Assets at Fair Value Through Other Comprehensive Income		6.828.580	2.378.657
2.7 Purchase of Financial Assets Measured at Amortised Cost		(2.350.640)	(114.880)
2.8 Sale of Financial Assets Measured at Amortised Cost		-	10.175
2.9 Other		(4.967)	(8.101)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net Cash Provided from Financing Activities	(1)	3.791.522	93.122
3.1 Cash Obtained from Funds Borrowed and Securities Issued		3.300.030	-
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued		-	-
3.3 Issued Equity Instruments		500.291	100.064
3.4 Dividends Paid		-	-
3.5 Payments for Finance Leases		(8.799)	(6.942)
3.6 Other	(1)	-	-
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents		766.822	614.449
V. Net Decrease/ Increase in Cash and Cash Equivalents (I+II+III+IV)		11.037.057	(795.084)
VI. Cash and Cash Equivalents at the Beginning of the Period	(2)	4.262.295	5.057.379
VII. Cash and Cash Equivalents at the End of the Period	(3)	15.299.352	4.262.295

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



TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Statement of Profit Distribution as of 31 December 2022

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

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

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

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

(***)Shown with full TL amount..



TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements As of 31 December 2022

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

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 Parent Bank prepares its consolidated financial statements and underlying documents in accordance with the “Regulation on the Procedures and Principles for Accounting Practices and Retention of Documents by Banks” and other regulations, explanations and circulars on accounting and financial reporting principles announced by the Banking Regulation and Supervision Agency (“BRSA”) and Turkish Accounting Standards (“TAS”) and Turkish Financial Reporting Standards (“TFRS”) published by Public Oversight Accounting and Auditing Standards Authority (“POA”) except for matters regulated by BRSA legislation (together referred as “BRSA Accounting and Financial Reporting Legislation”).

In accordance with the “Communiqué on Financial Statements to be Disclosed to Public by Banks and Explanations and Footnotes Thereof”, published in the Official Gazette No. 30673, dated 1 February 2019, accompanying consolidated financial statements as of 31 December 2022 are aligned with latest financial statement format.

b. Changes in accounting policies and disclosures:

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

In the announcement dated 20 January 2022 made by the POA, it has been stated that companies applying TFRS will not need to make any adjustments in their financial statements within the scope of the TAS 29 Financial Reporting Standard in Hyperinflationary Economies. Since the POA did not make any new announcement, while preparing the financial statements as of 31 December 2022, no inflation adjustment was made according to TAS 29.

c. Other issues:

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

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements As of 31 December 2022

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

II. Basis of Valuation Used in the Preparation of Financial Statements:

Accounting policies for the preparation of consolidated financial statements and valuation principles used are applied in accordance with BRSA Accounting and Financial Reporting Legislation. Those accounting policies and valuation principles are explained below notes through II - XXIV.

Except for the consolidated financial assets and liabilities carried at fair value, the consolidated financial statements have been prepared in thousand of Turkish Lira (“TL”) under the historical cost.

III. Explanations on Utilization Strategy of Financial Instruments and Foreign Currency Transactions:

Most of the liabilities of the balance sheet of the Parent Bank consists of funds obtained from domestic and international markets. The majority of funds obtained domestically consists of funds provided by Central Bank of the Republic of Turkey, international institutions such as World Bank, Islamic Development Bank and German Development Bank via Republic of Turkey Ministry of Treasury and Finance and budget originated funds and the rest consists of funds provided through short-term money market transactions within the framework of balance sheet management. The Bank acts as an intermediary for those funds provided by the Republic of Turkey Ministry of Treasury and Finance to be utilized in various sectors. The funds obtained internationally consist of medium and long term loans borrowed from World Bank, European Investment Bank, Council of Europe Development Bank, Islamic Development Bank, Japan Bank for International Cooperation, Black Sea Trade and Development Bank, Industrial and Commercial Bank of China, Asian Infrastructure Investment Bank, German Development Bank, China Development Bank and the securities issued as allocated to French Development Agency.

During the utilization of the funds obtained, the Parent Bank pays attention for utilization of loans in line with borrowing conditions while taking assets-liability mismatch into account, and tries to avoid maturity, exchange rate and liquidity risks. Exchange rate risk, interest rate risk and liquidity risk are measured and monitored on a regular basis, necessary measures are taken as a result of changes in the market data and balance sheet management is performed within the predetermined risk limits and legal limits.

A non-speculative exchange rate position risk management is applied to limit the Parent Bank’s exchange rate risk. For that reason, during the determination of the allocation of balance sheet and off-balance sheet assets according to currencies, foreign currency management policy is applied in the most effective way.

Commercial placements are directed to high-profit and low-risk assets by taking Parent Bank-specific and domestic economic expectations, market conditions, expectations and inclinations of loan customers, risks like interest, liquidity, exchange rate etc. into account, and safety policy is kept in the foreground for placement activities. Basic macro goals concerning balance sheet sizes are determined during budgeting and the transactions are carried out according to work programs prepared in this context.

The exchange rates, interest and price movements are closely monitored; transaction and control limits that are developed from the Parent Bank’s previous experiences are based on when taking positions as well as legal limits. In this way, limit excesses are prevented.

During foreign currency transactions, procedures detailed below are applied.

- a. Foreign currency monetary assets and liabilities are translated to Turkish Lira (TL) with the buying exchange rates announced by the Parent Bank at the end of period and foreign exchange differences are accounted as foreign exchange gain or loss.
- b. There are no exchange rate differences capitalized as of the balance sheet date.
- c. Basic principles of exchange rate risk management policy: Decisions to avoid exchange rate and parity risks are taken by the Asset- Liability Committee that meets regularly. The decisions are in line with the models prepared in the context of the basic boundaries of Foreign Currency Net General Position/Shareholders’ Equity Ratio which is included in legal requirements, and those decisions are carried out carefully. To avoid parity risk, foreign exchange position is managed by taking singular and general positions.
- d. Foreign currency transactions are calculated using the exchange rates prevailing at the dates of transactions and the profit/losses are included in the statement of profit or loss of the related period.



TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements As of 31 December 2022

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

IV. Explanations on Consolidated Partnerships:

a. Consolidation principles applied:

Consolidated financial statements are prepared in accordance with the “Communiqué on the Preparation of Consolidated Financial Statements of Banks” and “TFRS - 10 Consolidated Financial Statements” published in the Official Gazette dated 8 November 2006 and numbered 26340.

b. Consolidation principles of subsidiaries

Subsidiaries whose capital or management is directly or indirectly controlled by the Parent Bank, they are partnerships in which the Parent Bank has power over its investment and returns due to its relationship with the legal entity in which it invests, and in which it has the opportunity to use its power over the investee in order to affect the amount of returns to be obtained.

Subsidiaries are consolidated using the full consolidation method on the basis of operating results, asset and equity sizes. According to the full consolidation method, one hundred percent of the subsidiaries' assets, liabilities, income, expenses and off-balance sheet items are consolidated with the Parent Bank's assets, liabilities, income, expense and off-balance sheet items. The book value of the investments of the Bank in its subsidiaries and the capital of its subsidiaries have been clarified. Balances arising from the transactions between the partnerships within the scope of consolidation have been mutually offset.

The Parent Bank and its consolidated subsidiaries will be referred to as the "Group" in the rest of the report.

The title of the partnerships within the scope of consolidation, the location of the headquarters, the activity subject, the effective and direct shareholding ratio are as follows:

Title	Center of Activities (City/Country)	Main Area of Activity	Effective Partnership Ratios (%)	Direct and indirect partnership rates (%)
Kalkınma Girişim Sermayesi Portföy Yönetimi A.Ş.	İstanbul/Türkiye	Portfolio Management	100	100
Kalkınma Yatırım Varlık Kiralama A.Ş.	İstanbul/Türkiye	Asset Lease	100	100

V. Representation of Affiliates, Subsidiaries and Jointly Controlled Partners Not Included in Consolidation in The Consolidated Financial Statements:

Subsidiaries, subsidiaries and jointly controlled partners that are not included in the scope of consolidation are recognized at cost in accordance with “TAS - 27 Separate Financial Statements” and reflected in the consolidated financial statements after deducting if it has any provision for loss in value.

VI. Explanations on Futures, Options Contracts and Derivative Instruments:

Derivative transactions of the Bank mainly consist of forward foreign currency purchase and sale and currency swap transactions. The Bank has no derivative instruments that can be separated from the host contract.

Derivative instruments are classified as “Derivative Financial Assets at Fair Value Through Profit or Loss” or “Derivative Financial Assets at Fair Value Through Other Comprehensive Income” within the scope of TFRS 9 Financial Instruments. Derivative financial instruments are recorded with the fair value at the date of agreement and revalued at fair value in the following reporting periods. Depending on whether the valuation difference is negative or positive, these differences are shown in the relevant accounts in the balance sheet. Receivables and liabilities arising from derivative transactions are recorded in off-balance sheet accounts over their contract amounts. Differences in the fair value of derivative transactions at fair value through profit or loss are accounted for under profit/loss from derivative financial transactions in the trading profit/loss item in statement of profit or loss.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements As of 31 December 2022

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

VII. Explanations on Interest Income and Expenses:

Interests are recorded according to the effective interest rate method (rate equal to the rate in calculation of present value of future cash flows of financial assets or liabilities).

If a financial asset possesses on uncollected interest accrual before its acquisition by the Bank, interest collected afterwards is separated into periods such as before its acquisition and after acquisition, and only the part of after acquisition is recognized as interest income on the statement of profit or loss.

The Parent Bank does not cancel the interest accruals and rediscounts of loans and other receivables that have become non-performing loans within the framework of the effectuated in 1 January 2018 “Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves” published in the Official Gazette dated 22 June 2016 and numbered 29750 and monitors said amounts in interest income. Within the scope of TFRS 9 methodology, the expected loss provision is calculated based on the interest accruals and rediscounts added amounts.

VIII. Explanations on Fees and Commission Income and Expenses:

Fees and commissions received from cash loans, that are not attributable to interest rates applied, and fees for banking services are recorded as income on the date of collection. Fees and commissions paid for the funds borrowed, which are not attributable to interest rates of the funds borrowed, are recorded as expense on the date of the payment. All other commission and fee income and expenses are recorded on an accrual basis. Earnings in return of agreements or as a result of services provided for real or legal third parties for purchase or sale of assets are recorded as income when collected.

IX. Explanations on Financial Assets:

Financial assets mainly constitute the Group’s commercial activities and operations. These instruments have the ability to expose, affect and diminish the liquidity, credit and interest rate risks in the financial statements.

The Group adds its financial assets to the financial statements in accordance with the provisions of the “Importing and Excluding the Financial Statements” section of the TFRS 9 Standard and subtracts them from the financial statements.

Financial assets are included in the statement of financial status when they become a party to the terms of the contract related to the financial asset and measured at fair value for the first time (excluding trade receivables under TFRS 15 Customer Contracts Revenue).

In accordance with the classification provisions of the TFRS 9 Financial Instruments Standard, on the basis of the following matters financial assets are measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss by:

- The business model used by the entity for the management of financial assets,

- Properties of contractual cash flows of a financial asset.



TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements As of 31 December 2022

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

IX. Explanations on Financial Assets (Continued):

Business Model Test and Cash Flow Characteristics Test are performed to determine the classification of financial assets. Purchase and sale transactions of these financial assets are accounted according to their “delivery date”. The classification of financial assets is decided on the date of their acquisition, taking into account “Testing of Contractual Cash Flows Only Interest and Principal and Evaluation of Business Model”. When the business model used for the management of financial assets is changed, all financial assets affected by this change are reclassified.

Financial Assets Measured at Fair Value through Profit and Loss:

Financial assets whose fair value differences are reflected in profit / loss are mainly for short-term securities acquired for the purpose of being sold or bought back in the near future.

Financial assets whose fair value difference is reflected in profit / loss are reflected to the balance sheet at their cost values and are subject to valuation at fair value following their recording. Fair values are determined by using the weighted average clearing prices on BIST as of the balance sheet date for securities traded on Borsa Istanbul (BIST) and investor valuation and price reports for non-traded securities.

Gains or losses resulting from the valuation of financial assets whose fair value difference is reflected in profit / loss are reflected in profit / loss accounts. The positive difference between the acquisition cost and discounted value during the holding of financial assets for trading purposes is recorded in “Interest Income”, if the fair value of the asset is above its discounted value, the positive difference is recorded in the “Capital Market Transactions Profits” account and if it is below, the negative difference is recorded in the “Capital Market Transactions Losses” account.

Financial Assets Measured at Fair Value Through Other Comprehensive Income:

Financial assets are classified as financial assets at fair value through other comprehensive income where the business models aim to hold financial assets in order to collect the contractual cash flows and selling assets and the terms of financial asset give rise to cash flows that are solely payments of principal of interest at certain dates.

Financial assets measured at fair value through other comprehensive income are initially recognized at cost including the transaction costs. After initial recognition, valuation of the financial assets at fair value through other comprehensive income is based on fair value. For securities traded on Borsa Istanbul (BIST), fair values are found by using the weighted average settlement prices in BIST at the balance sheet date.

In the case a price does not occur in an active market, it is accepted that fair value cannot be reliably determined and amortised cost which is calculated by using the effective interest rate method is accepted as the fair value. The difference between the cost and fair value is accounted as interest income accrual or impairment loss. Interest income for financial assets measured at fair value through other comprehensive income with fixed or floating interest rate shows the difference between cost and amortised cost calculated by using the effective interest rate method and accounted for as interest income from marketable securities. Unrealized gains and losses arising from changes in fair value of the financial assets measured at fair value through other comprehensive income and which are denoting the difference between fair value and amortised cost of financial assets, are recognized in the “Accumulated Other Comprehensive Income or Loss that will be Reclassified to Profit or Loss” and amounts accounted for under equity are reflected to income statement when financial assets are sold.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements As of 31 December 2022

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

IX. Explanations on Financial Assets (Continued):

Equity Instruments Measured at Fair Value Through Other Comprehensive Income

During the first registration an irreversible preference can be made about reflecting the changes in the fair value of the investment in an equity instrument within the scope of TFRS 9, which are not held for commercial purposes or that are not contingent on the financial statements of the acquirer in a business combination where the TFRS 3 Business Combinations standard is applied in the other comprehensive income. The choice in question is made separately for each financial instrument.

The relevant fair value differences recognized in the other comprehensive income statement are not transferred to profit or loss in the following periods but are transferred to previous periods' profit / loss. Dividends from such investments are included in the financial statements as profit or loss unless they are explicitly a part of the investment cost recovery. TFRS 9 impairment provisions are not valid for equity investments.

Equity securities representing a share in the capital, which are classified as financial assets at fair value through other comprehensive income, are accounted with their fair values if they are traded in organized markets, and/or their fair value can be determined reliably. However, the cost may be an appropriate estimation method for determining fair value in some exceptional circumstances. This may be the case if there is not enough recent information on fair value measurement or if fair value can be measured by more than one method and the cost best reflects the fair value estimation among these methods.

Financial Investments Measured at Amortised Cost and Loans:

Financial Investments Measured at Amortised Cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are classified as financial assets measured at amortised cost.

Financial assets measured at amortised cost are subsequently measured at amortised cost by using effective interest rate method, and they are accounted for by setting forth provision for impairment loss or by posting interest income accrual. Interests received from financial assets measured at amortised cost are recognized as interest income.

Loans

Loans represent unquoted financial assets in an active market that provide money, goods or services to the debtor with fixed or determinable payments.

Loans are initially recognized with cost and carried at amortised cost calculated using the effective interest rate method at the subsequent periods. Transaction fees, dues and other expenses paid for loan guarantees are considered as a part of the transaction cost and reflected to the customers.

Cash loans granted by the Bank consist of investment and working capital loans and loans given through banks and leasing companies (APEX method).

Foreign currency indexed loans are converted into Turkish Lira with the exchange rate on the opening date and followed in Turkish Currency accounts. Repayments are calculated by using the exchange rates at the repayment dates and exchange differences are recognized under the foreign currency income and expense accounts.



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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

IX. Explanations on Financial Assets (Continued):

Financial Investments Measured at Amortised Cost and Loans (Continued)

Loans (Continued)

The loan portfolio is regularly monitored by the Parent Bank's management and if there are any suspicions about the inability to collect the loans granted, the loans accepted as troubled and are classified in accordance with Regulation on the Procedures and Principles for Classification of Loans and Provisions to be Set Aside published in the Official Gazette dated 22 June 2016 and numbered 29750 and the latest changes dated 18 October 2018 and numbered 30569 and TFRS 9.

With the Türkiye Kalkınma ve Yatırım Bankası A.Ş. Law dated 24 October 2018 and numbered 7147, the first paragraph of the Article 53 of the Banking Law No: 5411 is decided not to be enforced to the Parent Bank and the Parent Bank's Board of Directors is stated to determine the procedures and principles regarding the classification, monitoring, follow-up, provision ratios and collaterals of loans. In this context the Parent Bank has decided to perform the classification and provisioning of loans in accordance with the TFRS 9 Standard and the Regulation on Provisions and Principles Regarding the Classification of Loans and Provisions to be Set Aside.

Cash and Cash Equivalents:

Cash and cash equivalents are cash on hand, demand deposits and other highly liquid short-term investments with maturity of 3 months or less following the date of purchase, which is readily convertible to a known amount of cash and does not bear the risk of significant amount of value change. The carrying amounts of these assets represent their fair values.

X. Explanations on Impairment of Financial Assets:

As of 1 January 2019, the Parent Bank recognizes provisions for impairment in accordance with TFRS 9 requirements according to the “Regulation on the Procedures and Principles for Classification of Loans and Provisions to be Set Aside.” In this framework, the method of allocating credit provisions applied within the framework of the relevant legislation of BRSA has been replaced with the expected credit loss model.

Expected credit loss (ECL) model is used for instruments (such as bank deposits, loans and leasing receivables) recorded in other comprehensive income statement over amortized cost or fair value and in addition for financial lease receivables that cannot be measured at fair value through profit / loss, contract assets, credit commitments, and financial guarantee contracts.

The guiding principle of the ECL model is to reflect the general outlook of the increase or improvement in credit risk of financial instruments. The amount of ECLs defined as loss provision or provision depends on the degree of increase in credit risk since the loan was first issued.

Within the scope of TFRS 9 Financial Instruments, three basic factors regarding the measurement of expected credit loss are taken into consideration. These,

(a) the amount weighted according to the neutrality and probabilities determined by evaluating the possible outcome range,

(b) time value of money,

(c) reasonable and supportable information on past events, current conditions and forecasts of future economic conditions that can be obtained without incurring excessive cost or effort as of the reporting date.

Taking into consideration these three factors, the Parent Bank’s historical data is modeled, and the expected loss amount is calculated for each loan. Since the expected loss represents the future value, the present value of this amount is calculated with the discounting factor.

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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

X. Explanations on Impairment of Financial Assets (Continued):

In order to reflect the changes in credit risk since the initial recognition of credit risk, the loss provision is updated at each reporting date in which the expected loss calculations are performed.

The Parent Bank assesses whether there has been a significant increase in credit risk in the financial instrument for the first time since it was included in the financial statements. In making this assessment, the Parent Bank uses the change in default risk during the expected life of the financial instrument. To make this assessment, the Parent Bank compares default risk related to the financial instrument as of the reporting date and the default risk related to the financial instrument for the first time in the financial statements and takes into consideration reasonable and supportable information which can be obtained without incurring excessive costs or efforts and is reasonable indication of significant increases in credit risk since its introduction for the first time.

In the TFRS 9 impairment, a 3-step approach is used in which the credit risk level increases at each stage:

Stage 1: It refers to all accounts that have not shown any deterioration in credit quality since the loan was issued. All accounts defined as having low credit risk will be classified as Stage 1 without periodically checking whether there is a significant increase in credit risk. A 12-month provision calculation is performed for all accounts classified in Stage 1.

Stage 2: Refers to all accounts showing significant deterioration in credit quality since the loan was issued. For all accounts classified in Stage 2, lifetime provision calculations are performed.

Stage 3: Refers to all impaired assets. For all accounts classified in Stage 3, lifetime provision calculations are performed.

Financial assets in Basket 3 might be evaluated individually in the current provision calculations made by the Bank, and final evaluation is made by the Board of Directors together with their justifications. In this context, the Bank has allocated additional provisions for customers whose impacts are considered to be high, by making individual valuations in the calculation of expected credit losses.

TFRS 9 requires a 12-month compensation for all loans in stage 1, and a lifetime provision for all remaining loans.

Significant Increase in Credit Risk

If the customers classified as Stage 1 meet the following criteria, it has been decided by the Bank to be classified under Stage 2:

- The number of delay days of the customer is over 30
- Restructuring of the debtor with financial difficulties by granting concession
- Customer has close monitoring criteria
- There is a 35 percent or more decrease in the quantitative score to be calculated by considering the end-of-year financial statements for the customer every year, and the score in question drops below 40 (a significant increase criterion in credit risk).

Customers are periodically evaluated (at least once a year) and their ratings are updated in order to evaluate the criterion of significant increase in credit risk. The evaluation period is shortened for the borrowers for whom a significant deterioration signal is received in credit risk during the year.

Classification criterias under Stage 2 work for all bank customers, in addition, in case of negative market intelligence, classification can be made under Stage 2. This process continues under TFRS 9. The classification rules determined within the scope of TFRS 9 work for all portfolios.

Treasury and Banks portfolios are among the low default portfolios, and it is decided by Group to classify the assets in this portfolio under stage 1 until an opposite assessment is made.

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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

X. Explanations on Impairment of Financial Assets (Continued):

Significant Increase in Credit Risk (Continued)

The decrease of customer rating score calculated according to the credit rating model used within the bank for the quantitative criteria related to the significant deterioration in the credit risk specified in Article 4 of the provisions regulation regarding the classification of the loans, by 35 percent and above, and the fall of score in question below 40, is determined by the Parent Bank as the criterion of significant deterioration. In addition to these criterias, the restructuring applied to the customer who has financial difficulties specified in Article 7 of the Regulation on the Procedures and Principles for Classification of Loans and Provisions to be Set Aside is used as a classification criterion under Stage 2.

Definition of Default

“When defining the default for the purpose of determining the default risk according to TFRS 9, the entity uses a default definition consistent with the definition used for the credit risk management purposes of the related financial instrument and, if appropriate, takes into account qualitative indicators (eg financial commitments). However, unless the entity has reasonable and supportable information that reveals that default will occur when there is a longer delay, there is an otherwise demonstrable pre-acceptance that the default will not occur after the financial instrument expires after 90 days. The definition of default used for these purposes is applied consistently to all financial instruments unless information that proves that another definition of default is more appropriate for a particular financial instrument is available.” According to the article, the definition of default is used within the scope of modeling.

The definition of default used in the Parent Bank is as follows:

- Customers with more than 90 days of delay (The number of customer delay days represents the highest number of delay days of the customer's existing loans on the relevant reporting date.)
- Compensation of the letter of guarantee received by the Parent Bank for collateral
- Customers considered to be at high risk by the Parent Bank

With the BRSA’s decisions numbered 8948 dated 17 March 2020, numbered 8970 dated 27 March 2020, numbered 9312 dated 8 December 2020 and numbered 9624 dated 17 June 2021, within the scope of the 4th and 5th articles of the Regulation on Provisions and Principles Regarding the Classification of Loans and Provisions to be Set Aside, the 30 days delay period foreseen for classification in the Stage 2 is allowed to be applied as 90 days and the 90 days delay period foreseen to be classified as non-performing loans is allowed to be applied as 180 days. As stated in the relevant decisions, the Bank allocated provisions according to its own risk model for the loans within the scope of this application, which will be valid until 30 September 2021. With the BRSA's decision numbered 9795 dated 16 September 2021, this practice is terminated as of the end of 30 September 2021, but the application is decided to be continued in the same way for loans with a delay period of more than 31 days but not exceeding 90 days as of 1 October 2021 and for loans with a delay period of more than 91 days but not exceeding 180 days as of 1 October 2021. As of 1 October 2021, the Bank carries out the classification procedures in line with the BRSA board decision.

12 Month Expected Loss

12-month loan loss corresponds to a part of the expected loan loss that may arise from the possible default status of the loan within 12 months of the reporting date.

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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

X. Explanations on Impairment of Financial Assets (Continued):

Lifetime Expected Loss

Lifetime losses arise from all possible default events that may occur during the expected life span of the financial instrument after the reporting date. Life expectancy is related to the maturity of the financial instrument.

One of the risk parameters to be used in calculating the provision amounts to be set as per TFRS 9 is the Probability of Default (PD) information. Probability of Default refers to the possibility of a live loan falling into default. PD calculation is carried out by considering past data, current conditions and prospective macroeconomic expectations.

Specifically, while calculating PD, qualitative, quantitative scores, sector, bank degree and macro effect are taken into account. For the company whose quantitative evaluation is made, an objective score is produced between 0 and 100. The sector in which the company operates is determined in accordance with the NACE code (Statistical Classification of European Community Economic Activities; a reference resource for the purpose of producing and disseminating statistics on economic activities in Europe.).

After the qualitative and quantitative scores of the company are determined, the mentioned points are weighted according to the company scale and the company's score is calculated.

Banks, on the other hand, are ranked objectively by considering various criteria, namely capital, asset quality, liquidity, profitability, income-expenditure structure and capacity.

Finally, for the macro effect, a volatility index is calculated first, and then variables that act in parallel and play a role in the measurement of crisis probabilities before sudden financial shocks are identified. Afterwards, the index is created by weighting the determined variables according to the success rate.

The macro effect ultimately applied to the customer scores by the Parent Bank is the macro note calculated on the company grade (non-macro score) calculated as a result of qualitative (partnership information, group of companies, etc.) and quantitative (liquidity, financial structure, profitability etc.) assessment of each customer. In line with the customer's score, corrections are applied. In this context, studies to determine pioneering vulnerability indicators of Turkey’s economy are made and by the Parent Bank it has been identified that some of the variables derived from various areas of the economy successfully predicted crisis periods in advance. This prediction has been accepted by the Parent Bank as the threshold values are exceeded and the signal is produced starting at least 12 months before the crisis.

In order to obtain the macroeconomic score, which is calculated by considering the positive and negative scenarios as well as the base scenario value, values are calculated at a certain margin in accordance with the distribution of the series for positive and negative scenario values from the index values distributed between 0-100 and averaged over 12 months.

XI. Explanations on Offsetting of Financial Instruments:

Financial assets and liabilities are offset on balance sheet when the Group has a legally enforceable right to set off, and the intention of collecting or paying the net amount of related assets and liabilities or the right to offset the assets and liabilities simultaneously.

XII. Explanations on Sales and Repurchase Agreements and Lending of Securities:

Securities sold in repurchase agreements (repo) are followed in the balance sheet accounts in line with Uniform Chart of Accounts. Accordingly, the government bonds and treasury bills sold to the clients in the context of repurchase agreements are classified as “Subject to Repurchase Agreements” and are valued at fair values or at discounted values using effective interest rate method according to the holding purposes in the Bank portfolio. Funds gained by repurchase agreements are shown separately in the liability accounts and interest expense accrual is calculated for these funds.

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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XII. Explanations on Sales and Repurchase Agreements and Lending of Securities (Continued):

Securities that were purchased to resell commitment (reverse repurchase agreements) are shown as a line item under ‘Money Market Placements’ line. For the difference between the purchase of securities and resale prices of the reverse repo agreements for the period; income accrual is calculated using the effective interest rate method. There are no marketable securities lending transactions.

XIII. Explanations on Fixed Assets Held for Sale and Discontinued Operations and Related Liabilities:

Assets that are classified as held for sale (or the disposal group) are measured at the lower of its carrying amount and fair value less costs to sell. In order to classify a tangible fixed asset as held for sale, the asset (or the disposal group) should be available for an immediate sale in its present condition subject to the terms of any regular sales of such assets (or such disposal groups) and the sale should be highly probable. For a highly probable sale, the appropriate level of management must be committed to a plan to sell the asset (or the disposal group), and an active program to complete the plan should be initiated to locate a customer.

Also, the asset should have an active market sale value, which is a reasonable value in relation to its current fair value. Events or circumstances may extend the completion of the sale more than one year. Such assets (or the disposal group) are still classified as held for sale if there is sufficient evidence that the delay in the sale process is due to the events and circumstances occurred beyond the control of the entity or the entity remains committed to its plan to sell the assets. The Bank has no assets classified as held for sale.

A discontinued operation is a component that either has been disposed of or is classified as held for sale. Gains or losses relating to discontinued operations are presented separately in the income statement. The Parent Bank has no discontinued operations.

XIV. Explanations on Goodwill and Other Intangible Assets:

As at the balance sheet date, there is no goodwill recorded in the balance sheet of the Bank.

Intangible fixed assets first are carried at cost which includes acquisition costs and other direct costs bearded necessary for the assets to become ready for use. Subsequent to recognition, intangible assets are presented in financial statements at cost less any accumulated amortization and accumulated impairment losses, if any.

Amortization is charged on a straight-line basis over their estimated useful lives which is 33,33%. 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”.

XV. Explanations on Tangible Fixed Assets:

Tangible fixed assets are carried at cost which includes acquisition costs and other direct costs bared necessary for the assets to become ready for use, and if results of appraisal reports exceed the costs, they are not subject to any revaluation. Subsequent to recognition, tangible fixed assets are presented in financial statements at cost less any accumulated depreciation and accumulated impairment losses, if any.

The Parent Bank’s tangible fixed assets purchased before 1 January 2005 are carried at restated cost in the balance sheet before 31 December 2004 and its tangible fixed assets that are purchased subsequently are valued at historical cost.

Gain or loss arising from the disposal or retirement of an item of tangible fixed assets is determined as the difference between the sales proceeds and the carrying amount of that asset and is recognized in profit or loss.

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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XV. Explanations on Tangible Fixed Assets (Continued):

Ordinary maintenance and repair expenses of tangible fixed assets items are recognized as expenses. Investment expenditures that increase the future benefit by enhancing the capacity of tangible assets are capitalized. Investment expenditures include cost items that extend the useful life of the asset, increase the servicing capabilities of the asset, improve the quality of goods or services produced or reduces the costs. There is no pledge, mortgage and other restriction on the tangible fixed assets or given for the purchase commitments or any restrictions on the rights for the use of these.

Tangible fixed assets are amortised by using the straight-line method over their estimated useful lives. Estimated depreciation rates of tangible fixed assets are as follows.

	Estimated Useful Life (Years)	Depreciation Rate (%)
Building	50	2
Safes (vaults)	50	2
Vehicles	5	20
Other Tangible Assets	3-15	6,66-33,33

There is no change in accounting estimations that has material effect in the current period or that is expected to have effect in the subsequent periods.

XVI. Explanations on Leasing Transactions:

The “TFRS 16 Leases” Standard was published in the Official Gazette dated 16 April 2018 and numbered 29826 to be applied as of 1 January 2019.

The Parent Bank as a Lessee

The “TFRS 16 Leases” Standard removes financial lease and operational lease distinction for lessees and introduces a single accounting model for all leasing transactions. According to the standard, the lessees reflect a “asset that gives the right to use” and a “lease obligation” to the financial statements at the date when the lease begins. The initial cost of the asset that gives the right to use is measured by deducting the lease incentives from the sum of the lease obligation and the initial direct costs incurred by the lessees. The cost method is used for the measurements after the beginning of the lease. In this method, the asset that gives the right to use is measured by deducting the accumulated depreciation and accumulated depredation provisions from the cost value. The lease obligation is initially measured at the present value of the lease payments to be made during the lease period. In subsequent measurements, the book value of the liability is increased to reflect the interest on the lease obligation and decreased to reflect the lease payments made. TFRS 16 has made exemptions for leases of 12 months or less and leases related to low value assets.

The Group, which is a lessee in financial leasing transactions, accounts for all lease transactions longer than 12 months as assets and liabilities in the statement of financial position. Depreciation expense related to the leased asset and interest expense in lease payments are reported in the income statement. The lease obligation was initially measured at the present value of the lease payments to be made during the lease period using the Group's TL alternative source cost.

The Parent Bank as a Lessor

According to the “TFRS 16 Leases” Standard, financial lease and operational lease distinction continues for the lessor. If the lessor transfers the significant risks and benefits arising from ownership of the asset subject to the lease to the lessee, he will classify it as a financial lease. Other leases will be classified as operational leases. The receivables that arise from leasing the assets of the Parent 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.

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.



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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XVII.Explanations on Provisions and Contingent Liabilities:

Provisions other than the expected credit loss set for loans and other receivables and contingent liabilities are accounted for in accordance with “Turkish Accounting Standard on Provisions, Contingent Liabilities and Contingent Assets” (TAS 37).

For transactions that can affect financial structure, provisions are provided by using the existing data if they are accurate, otherwise by using the estimates.

XVIII.Explanations on Employee Benefit Liabilities:

Obligations for employee benefits are recognized in accordance with the TAS19 “Employee Benefits”.

There is no fund to which the Parent Bank personnel are members. However, a part of personnel are members of Personnel Assistance and Additional Social Security Foundation of Türkiye Kalkınma Bankası A.Ş. and the Parent Bank has no obligations regarding this foundation, accordingly no provision is reserved in the accompanying financial statements.

Under the Turkish legislation as supplemented by union agreements, lump sum payments are made to all employees who retire or whose employment is terminated without due cause. In accordance with the working status of the Parent Bank and the social security institution legislation, the retirement pension is related to the ones related to the Law No: 5434 and the severance payment is calculated to those related to the Law No: 1475.

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate -unless it is negative- applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as of 31 December 2022, the provision has been calculated by estimating the present value of the future probable obligation of the Parent Bank arising from the retirement of the employees. The provisions at the respective balance sheet date have been calculated with a discount rate of 1,91% (31 December 2021: 1,34%). The maximum amount of full TL 19.982,83 effective from 1 January 2023 has been taken into consideration in calculation of provision for employment termination benefits (31 December 2021: full TL 10.596,74).

XIX. Explanations on Taxation:

Current Tax

According to the Temporary Article 13 added to the Corporate Tax Law No: 5520 and with the Article 11 of the Law on the Procedure of Collection of Public Claims and the Law on the Amendment of Some Laws, which entered into force after being published in the Official Gazette dated 22 April 2021 and numbered 31462, the Corporate Tax rate will be applied as 25% for the corporate earnings for the 2021 taxation period and 23% for the corporate earnings for the 2022 taxation period. However, with the amendment stipulated in Articles 25 and 26 of the Law No. 7394 published in the Official Gazette dated 15 April 2022 and numbered 31810, the corporate tax rate to which the earnings of banks and certain financial institutions are subject has been determined as 25%. This change will be valid for the taxation of corporate earnings for the periods starting from 1 January 2022, starting with the declarations that must be submitted as of 1 July 2021. Accordingly the corporate tax for first quarter of 2022 (January-March) has been calculated with 23%, for following periods and corporate tax declaration of 2022 year period 25% will be taken into calculation. The corporate tax rate is applied to the tax base to be found as a result of adding the non-deductible expenses to the commercial earnings of the companies, the exemption (such as the participation earnings exemption) and the deduction of the deductions in the tax laws. No further tax is paid if the profit is not distributed. Non-resident corporations’ income through a permanent establishment or permanent representative in Turkey and dividends paid to companies’ resident in Turkey (dividends) not subject to withholding. Dividend payments made to individuals and institutions other than these are subject to 10% withholding tax. Addition of profit to capital is not considered as profit distribution and withholding tax is not applied.

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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

Current Tax (Continued):

Corporations are required to pay advance corporate tax quarterly on their corporate income. Advance tax is declared by the 17th and paid by the 17th day of the second month following each calendar quarter end. Advance tax paid by corporations for the current period is credited against the annual corporation tax calculated on the annual corporate income in the following year. On the other hand, in accordance with the Law No. 7338, which was published in the Official Gazette dated 26 October 2021 and numbered 31640, the 4th provisional tax return covering the months of October-December was repealed. Accordingly, the 4th provisional tax declaration will not be filed in 2022 and beyond.

Despite the offset, if there is temporary prepaid tax remaining, this balance can be refunded or used to offset any other financial liabilities to the government. According to 5.1.e. Article of Corporation Tax Law which is important tax exemption that is applied by banks, corporations’ 50% of revenues that occur from selling of their real estates, are in assets, that belong to the corporations at least two years (730 days), 75% of revenues that occur from selling their founding bonds that are belong to the corporations as long as time of participation stocks, redeemed shares and option to call are exempted from Corporation Tax. This exemption applies to the period the sale is made and the part of return on sales that benefits from the exemption is held in a special fund in the liabilities account until the end of the fifth year started from the following year sale is made. However, the sales payment must be collected until the end of the second calendar year following the year in which the sale is made. Taxes which are not realized in time due to the exemption that hits uncollected sales payment are considered as tax loss. Taxes which does not accrue on time because the applying exemption for the transfer of the exempted part of revenue to the other accounts with other ways out of capitalizing in five years or withdrawn from company or transferring from limited taxpayer corporations to the headquarters, are considered as tax loss. This is also be applicable in the condition of liquidation of business (Except transfers and divisions that make according to this code).

Moreover, according to 5.1.f. article of Corporation Tax Law; corporations which have been fallen to legal proceedings because of owe to the bank or Savings Deposit Insurance Funds, and their warrantors’ real estates, participation stocks, founding bonds, redeemed shares, options to call of mortgagors’ revenues that used for against debts or transferring to SDIF, 50% for real estates, and 75% for others are exempted from Corporation tax. Under the Turkish Corporate Tax Law, losses can be carried forward to offset against future taxable income for up to five years. Losses cannot be carried back to offset profits from previous periods. In Turkey, there is no procedure for a final and definitive agreement on tax assessments with tax authorities.

Corporate tax declarations are submitted to the related tax office until the evening of the 30th day of the fourth month following the end of the accounting period and the accrued tax is paid until the evening of the 30th day. However, the authorities competent for tax inspection can examine the accounting records within five years, and the tax amounts to be paid may change if any erroneous transaction is detected.

Deferred Tax

In accordance with TAS 12 “Turkish Accounting Standard Relating to Income Tax”, the Group calculates and recognizes deferred tax for temporary differences between the bases calculated based on the accounting policies used and valuation principles and that calculated under the tax legislation. Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences. However, deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized as deferred tax liability or asset if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. The carrying amount of a deferred tax asset is reviewed on each balance sheet date. Carrying amount of a deferred tax asset can be reduced to the extent that it is no longer probable that enough taxable profit will be available to allow all or part of the asset to be recovered. Deferred tax asset and liability are calculated with the valid tax ratios for the related period. Within the scope of the Law No. 7394 published in the Official Gazette dated 15 April, 2022 and numbered 31810, deferred tax calculations were made by taking into account the 25% corporate tax rate to be applied for banks and certain financial institutions.



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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XIX . Explanations on Taxation (Continued):

Deferred Tax (Continued)

Moreover, if the deferred tax is related with items directly recorded under the equity in the same or different period, deferred tax is associated directly with equity. Deferred tax asset and deferred tax liability are presented as net in these financial statements.

The income tax charge is composed of the sum of current tax and deferred tax charges. The current tax liability is calculated over taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible and it further excludes items that are never taxable or deductible.

According to the second paragraph of the Article 53 of the Banking Act No: 5411, all specific reserves for loans and other receivables are considered as deductible expense for determining corporate tax base.

The current tax payable is offset with prepaid tax, if they are associated with. Deferred tax assets and liabilities are also offset.

Deferred tax calculation is made within the scope of TFRS 9 for the first and second stage provisions.

Transfer Pricing

Transfer pricing is regulated through Article 13 of Corporate Tax Law titled “Transfer Pricing Through Camouflage of Earnings”. Detailed information for the practice regarding the subject is found in the “General Communiqué Regarding Camouflage of Earnings Through Transfer Pricing”. According to the aforementioned regulations, in the case of making purchase or sales of goods or services with relevant persons/corporations at a price that is determined against “arm’s length principle”, the gain is considered to be distributed implicitly through transfer pricing and such distribution of gains is not subject to deductions in means of corporate tax.

XX. Additional Explanations on Borrowings:

The Parent Bank accounts its debt instruments in the subsequent periods, by using the effective interest rate method. The Bank has no borrowings that require hedging techniques for accounting and valuation of debt instruments and liabilities representing the borrowings.

The Parent Bank continues its financial support that it provided and still providing by acquiring sources from domestic and international markets. Domestic resources are provided from Central Bank of the Republic of Turkey, international organizations such as World Bank, Islamic Development Bank and German Development Bank through the Ministry of Treasury and Finance. In addition to these, the Bank acts as an intermediary for the use of various budget-sourced funds domestically. The loan from this source has been disbursed and no new funds have been transferred from the Ministry of Treasury and Finance. The funds provided are recorded in the Bank's resource accounts on the transfer date. The maturity and interest rates of these funds are determined by the public authority through Investment Incentives Communiqués.

The present foreign funds of the Bank are medium and long term loans from World Bank, European Investment Bank, Council of Europe Development Bank, Islamic Development Bank, Black Sea Trade and Development Bank, Japan Bank for International Cooperation, Industrial and Commercial Bank of China, Asian Infrastructure Investment Bank, German Development Bank, China Development Bank and the securities issued as allocated to French Development Agency are recorded to related accounts on the date and with the cost of procurement.

The Parent Bank generally prefers providing loans in parallel to the borrowing terms like maturity date, interest rate, interest type and currency type to avoid maturity, exchange rate and liquidity risks.

The Parent Bank has not issued any convertible bonds.

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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XXI. Explanations on Shares Issued:

The Parent Bank’s issued capital was increased from TL 2.000.000 to TL 2.500.000 on 27 December 2022 by issuing shares with a nominal value of TL 500.000.

XXII. 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.

XXIII. Explanations on Government Incentives:

There are no government incentives utilized by the Group in the current and prior period.

XXIV. Explanations on Segment Reporting:

As part of its mission, the Parent Bank operates mainly in the areas of corporate banking and investment banking. Corporate banking provides financial solutions and banking services to customers with medium and large joint stock company status. Services offered include investment loans, project finance, TL and foreign exchange business loans, letters of credit and letters of guarantee.

Within the scope of investment banking activities, the Bank’s treasury bills, government bond trading, repo transactions, money swaps and forward foreign exchange transactions, capital markets consultancy, financial consultancy, merger and purchase consultancy are performed. Among the investment banking operating income, revenues from Treasury transactions activities are included.

As of 31 December 2022, explanations on segment reporting in line with “Communiqué on Financial Statements to be Disclosed to Public by Banks and Explanations and Footnotes Thereof” are shown below.



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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XXIV. Explanations on Segment Reporting (Continued):

	Investment Banking (Treasury)	Corporate Banking	Other	Total Operations of the Group
Current Period (31.12.2022)				
Net interest income/(expense)	3.094.609	(90.125)	(220)	3.004.264
Net fees and commissions income/(expense)	(22.179)	81.658	40.404	99.883
Other income	394.566	162.671	31.930	589.167
Other expense	(22.680)	(900.183)	(437.742)	(1.360.605)
Profit before tax	3.444.316	(745.979)	(365.628)	2.332.709
Tax provision	-	-	(632.311)	(632.311)
Net profit for the period	3.444.316	(745.979)	(997.939)	1.700.398
Group Profit / Loss	3.444.316	(745.979)	(997.939)	1.700.398
Current Period (31.12.2022)				
Segment assets	31.699.500	59.706.187	283.523	91.689.210
Associates and subsidiaries	-	10.586	-	10.586
Total Assets	31.699.500	59.716.773	283.523	91.699.796
Segment liabilities	3.059.343	80.773.867	1.012.846	84.846.056
Shareholders' equity	-	-	6.853.740	6.853.740
Total Liabilities	3.059.343	80.773.867	7.866.586	91.699.796

	Investment Banking (Treasury)	Corporate Banking	Other	Total Operations of the Group
Prior Period (31.12.2021)				
Net interest income	805.685	573.867	(2.456)	1.377.096
Net fees and commissions income/(expense)	(15.959)	51.234	13.510	48.785
Other income	19.594	260.569	2.158	282.321
Other expense	(954)	(488.182)	(204.043)	(693.179)
Profit before tax	808.366	397.488	(190.831)	1.015.023
Tax provision	-	-	(198.556)	(198.556)
Net profit for the period	808.366	397.488	(389.387)	816.467
Group Profit / Loss	808.366	397.488	(389.387)	816.467
Minority Rights Profit / Loss (-)	-	-	-	-
Prior Period (31.12.2021)				
Segment assets	11.195.240	37.024.826	148.545	48.368.611
Associates and subsidiaries	-	10.119	-	10.119
Total Assets	11.195.240	37.034.945	148.545	48.378.730
Segment liabilities	656.400	42.863.190	393.503	43.913.093
Shareholders' equity	-	-	4.465.637	4.465.637
Total Liabilities	656.400	42.863.190	4.859.140	48.378.730



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SECTION FOUR

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT

I. Explanations on Consolidated Equity:

Consolidated equity amount and capital adequacy standard ratio are calculated within the framework of “Regulation Regarding Equities of Banks” and “Regulation Regarding Measurement and Evaluation of Banks’ Capital Adequacy”.

The Group’s equity amount as of 31 December 2022 is TL 12.925.735, (31 December 2021: TL 7.680.327) and its capital adequacy ratio is 16,66% (31 December 2021: 14,27%). The capital adequacy ratio of the Group is above the minimum ratio determined by the relevant legislation.

Information on Equity Items:

Current Period (31.12.2022)	Amount
Common Equity Tier I Capital	
Paid-in Capital to be Entitled for Compensation after All Creditors	2.706.074
Share Premium	4.038
Reserves	2.279.128
Other Comprehensive Income according to TAS	231.407
Profit	1.700.398
Net profit for the period	1.700.398
Retained Earnings	-
Bonus Shares from Associates, Affiliates and Joint-Ventures not Accounted in Current Period's Profit	1.467
Minority Shares	-
Common Equity Tier I Capital Before Deductions	6.922.512
Deductions from Common Equity Tier I Capital	
Valuation adjustments calculated as per the article 9. (i) of the Regulation on Bank Capital	-
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	18.975
Leasehold Improvements on Operational Leases (-)	3.465
Goodwill Netted with Deferred Tax Liabilities	-
Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights	21.673
Net Deferred Tax Asset/Liability (-)	-
Differences arise when assets and liabilities not held at fair value, are subjected to cash flow hedge accounting	-
Credit losses that exceed total expected loss calculated according to the Regulation on Calculation of Credit Risk by Internal Ratings Based Approach	-



TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

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SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations on Consolidated Equity (Continued)

Information on Consolidated Equity Items (Continued):

Securitization gains	-
Unrealized gains and losses from changes in bank’s liabilities’ fair values due to changes in creditworthiness	-
Net amount of defined benefit plans	-
Direct and Indirect Investments of the Bank on its own Tier I Capital	-
Shares Obtained against Article 56, Paragraph 4 of the Banking Law	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-
Mortgage Servicing Rights Exceeding the 10% Threshold of Tier I Capital	-
Net Deferred Tax Assets arising from Temporary Differences Exceeding the10% Threshold of Tier I Capital	-
Amount Exceeding the 15% Threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital not deducted from Tier I Capital	-
Mortgage Servicing Rights not deducted	-
Excess Amount arising from Deferred Tax Assets from Temporary Differences	169.179
Other items to be Defined by the BRSA	-
Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals	-
Total Deductions From Common Equity Tier I Capital	213.292
Total Common Equity Tier I Capital	6.709.220
ADDITIONAL TIER I CAPITAL	
Preferred Stock not Included in Common Equity Tier I Capital and the Related Share Premiums	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained after 1.1.2014)	4.486.455
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4) (Issued or Obtained after 1.1.2014)	-
Shares of Third Parties in Additional Tier 1 Capital	
Shares of Third Parties in Additional Tier 1 Capital (Those within the scope of Temporary Article 3)	
Additional Tier 1 Capital Before Deductions	4.486.455
Deductions From Additional Tier 1 Capital	-
Direct and Indirect Investments of the Bank on its own Additional Tier I Capital	-
Investments made by the bank to equity items issued by banks and financial institutions investing in the additional capital items of the bank and meeting the conditions specified in Article 7 of the Regulation	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-



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CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations on Consolidated Equity (Continued)

Information on Consolidated Equity Items (Continued):

Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-
Other items to be defined by the BRSA	-
Items to be Deducted from Tier I Capital during the Transition Period	-
Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-
Net Deferred Tax Asset/Liability not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-
Deduction from Additional Tier I Capital when there is not enough Tier II Capital (-)	-
Total Deductions from Additional Tier I Capital	-
Total Additional Tier I Capital	4.486.455
Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)	11.195.675
TIER II CAPITAL	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	1.117.460
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-
Shares of Third Parties in the contribution capital	
Shares of Third Parties in the contribution capital (within the scope of Temporary Article 3)	
Provisions (Amounts explained in the first paragraph of the article 8 of the Regulation on Bank Capital)	612.600
Total Deductions from Tier II Capital	1.730.060
Deductions from Tier II Capital	-
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-
Investments in Equity Instruments Issued by Banks and Financial Institutions Invested in Bank’s Tier II Capital and Having Conditions Stated in the Article 8 of the Regulation	-
Total of Net Long Positions of the Investments in Equity Items of Non-Consolidated Banks and Financial Institutions where the Bank owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital and Tier II Capital of Consolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital	-
Other items to be defined by the BRSA (-)	-
Total Deductions from Tier II Capital	-
Total Tier II Capital	1.730.060
Total Equity (Total Tier I and Tier II Capital)	12.925.735
Total Tier I Capital and Tier II Capital (Total Equity)	
Loans Granted against the Articles 50 and 51 of the Banking Law	-
Net Book Values of Movables and Immovable Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-
Other items to be Defined by the BRSA	-



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SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations on Consolidated Equity (Continued)

Information on Consolidated Equity Items (Continued):

Items to be Deducted from the Sum of Tier I and Tier II Capital (Capital) During the Transition Period	231.407
The Portion of Total of Net Long Positions of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation	-
The Portion of Total of Net Long Positions of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation	-
The Portion of Net Long Position of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital, of the Net Deferred Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation	-
CAPITAL	
Total Capital (Total of Tier I Capital and Tier II Capital)	12.925.735
Total Risk Weighted Assets	77.598.352
CAPITAL ADEQUACY RATIOS	
Consolidated CET1 Capital Ratio (%)	8,65
Consolidated Tier I Capital Ratio (%)	14,43
Capital Adequacy Ratio (%)	16,66
BUFFERS	
Bank-specific total CET1 Capital Ratio	2,5
Capital Conservation Buffer Ratio (%)	2,5
Bank-specific Counter-Cyclical Capital Buffer Ratio (%)	-
Systemic significant bank buffer ratio (%)	-
Additional CET1 Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation	-
Amounts Lower Than Excesses as per Deduction Rules	-
Remaining Total of Net Long Positions of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	-
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Consolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital	-



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SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations on Consolidated Equity (Continued)

Information on Consolidated Equity Items (Continued):

Remaining Mortgage Servicing Rights	-
Net Deferred Tax Assets arising from Temporary Differences	-
Limits for Provisions Used in Tier II Capital Calculation	-
General Loan Provisions for Exposures in Standard Approach (before limit of one hundred and twenty five per ten thousand)	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	168.210
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0.6% Risk Weighted Assets	-
Debt Instruments Covered by Temporary Article 4 (Effective between 1.1.2018-1.1.2022)	-
Upper Limit for Additional Tier I Capital Items subject to Temporary Article 4	-
Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-
Upper Limit for Additional Tier II Capital Items subject to Temporary Article 4	-
Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-

In the consolidated equity table, under the amount of capital, in which, is the last receivable right receivable in case of bank liquidation, there is capital and other capital reserves (inflation difference correction). Investment in associates which is denominated in foreign currency on balance sheet, is presented under deductions from Tier I on equity table if there is not enough Tier I or Tier II capital. The amount included in the provision item under Tier II is general provisions.



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SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations on Consolidated Equity (Continued)

Information on Consolidated Equity Items (Continued):

Prior Period (31.12.2021)	Amount
Common Equity Tier I Capital	
Paid-in Capital to be Entitled for Compensation after All Creditors	2.206.074
Share Premium	3.747
Reserves	1.463.606
Other Comprehensive Income according to TAS	4.318
Profit	816.467
Net profit for the period	816.467
Retained Earnings	-
Bonus Shares from Associates, Affiliates and Joint-Ventures not Accounted in Current Period's Profit	-
Minority shares	-
Common Equity Tier I Capital Before Deductions	4.494.212
Deductions from Common Equity Tier I Capital	
Valuation adjustments calculated as per the article 9. (i) of the Regulation on Bank Capital	-
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS	45.617
Leasehold Improvements on Operational Leases	3.808
Goodwill Netted with Deferred Tax Liabilities	-
Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights	21.875
Net Deferred Tax Asset/Liability	-
Differences arise when assets and liabilities not held at fair value, are subjected to cash flow hedge accounting	-
Total credit losses that exceed total expected loss calculated according to the Regulation on Calculation of Credit Risk by Internal Ratings Based Approach	-
Securitization gains	-
Unrealized gains and losses from changes in bank's liabilities' fair values due to changes in creditworthiness	-
Net amount of defined benefit plans	-
Direct and Indirect Investments of the Bank on its own Tier I Capital (-)	-
Shares Obtained against Article 56, Paragraph 4 of the Banking Law (-)	-
Total of Net Long Positions of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-



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SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations on Consolidated Equity (Continued)

Information on Consolidated Equity Items (Continued):

Total of Net Long Positions of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
Mortgage Servicing Rights Exceeding the 10% Threshold of Tier I Capital (-)	-
Net Deferred Tax Assets arising from Temporary Differences Exceeding the10% Threshold of Tier I Capital (-)	-
Amount Exceeding the 15% Threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-
The Portion of Net Long Position of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital not deducted from Tier I Capital (-)	-
Mortgage Servicing Rights not deducted (-)	-
Excess Amount arising from Deferred Tax Assets from Temporary Differences (-)	95.678
Other items to be Defined by the BRSA (-)	-
Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals (-)	-
Total Deductions From Common Equity Tier I Capital	166.978
Total Common Equity Tier I Capital	4.327.234
ADDITIONAL TIER I CAPITAL	
Preferred Stock not Included in Common Equity Tier I Capital and the Related Share Premiums	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	2.228.580
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-
Shares of third parties in additional Tier 1 capital	
Shares of third parties in the additional tier capital (within the scope of Provisional Article 3)	
Additional Tier 1 Capital Before Deductions	2.228.580
Deductions From Additional Tier 1 Capital	-
Direct and Indirect Investments of the Bank on its own Additional Tier I Capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of 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 (-)	-
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 Consolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-
Other items to be defined by the BRSA	-
Items to be Deducted from Tier I Capital during the Transition Period	-
Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-
Net Deferred Tax Asset/Liability not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-



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SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT(Continued)

I. Explanations on Consolidated Equity (Continued)

Information on Consolidated Equity Items (Continued):

Deduction from Additional Tier I Capital when there is not enough Tier II Capital (-)	-
Total Deductions from Additional Tier I Capital	-
Total Additional Tier I Capital	2.228.580
Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)	6.555.814
TIER II CAPITAL	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	833.881
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-
Shares of third parties in the contribution capital	
Shares of third parties in the contribution capital (within the scope of Temporary Article 3)	
Provisions (Amounts explained in the first paragraph of the article 8 of the Regulation on Bank Capital)	290.632
Total Deductions from Tier II Capital	1.124.513
Deductions from Tier II Capital	-
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-
Investments in Equity Instruments Issued by Banks and Financial Institutions Invested in Bank’s Tier II Capital and Having Conditions Stated in the Article 8 of the Regulation	-
Total of Net Long Positions of the Investments in Equity Items of Non-Consolidated Banks and Financial Institutions where the Bank owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital and Tier II Capital of Consolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital (-)	-
Other items to be defined by the BRSA (-)	-
Total Deductions from Tier II Capital	-
Total Tier II Capital	1.124.513
Total Equity (Total Tier I and Tier II Capital)	7.680.327
Total Tier I Capital and Tier II Capital (Total Equity)	
Loans Granted against the Articles 50 and 51 of the Banking Law	-
Net Book Values of Movables and Immovable Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-
Other items to be Defined by the BRSA	-
Items to be Deducted from the Sum of Tier I and Tier II Capital (Capital) During the Transition Period	4.318
The Portion of Total of Net Long Positions of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation	-



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SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations on Consolidated Equity (Continued)

Information on Consolidated Equity Items (Continued):

The Portion of Total of Net Long Positions of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation	-
The Portion of Net Long Position of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital, of the Net Deferred Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation	-
Capital	
Total Capital (Total of Tier I Capital and Tier II Capital)	7.680.327
Total Risk Weighted Assets	53.831.619
CAPITAL ADEQUACY RATIOS	
CET1 Capital Ratio (%)	8,04
Tier I Capital Ratio (%)	12,18
Capital Adequacy Ratio (%)	14,27
BUFFERS	
Bank-specific total CET1 Capital Ratio	2,5
Capital Conservation Buffer Ratio (%)	2,5
Bank-specific Counter-Cyclical Capital Buffer Ratio (%)	-
Systemic significant bank buffer ratio (%)	-
Additional CET1 Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation	-
Amounts Lower Than Excesses as per Deduction Rules	-
Remaining Total of Net Long Positions of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	-
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Consolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital	-
Remaining Mortgage Servicing Rights	-
Net Deferred Tax Assets arising from Temporary Differences	-
Limits for Provisions Used in Tier II Capital Calculation	-
General Loan Provisions for Exposures in Standard Approach (before limit of one hundred and twenty five per ten thousand)	290.632
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	290.632
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach	81.208
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0.6% Risk Weighted Assets	-
Debt Instruments Covered by Temporary Article 4 (Effective between 1.1.2018-1.1.2022)	-
Upper Limit for Additional Tier I Capital Items subject to Temporary Article 4	-
Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-
Upper Limit for Additional Tier II Capital Items subject to Temporary Article 4	-
Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-

(*) Amounts to be taken into consideration under the previous provisions

In the equity table, under the amount of capital, in which, is the last receivable right receivable in case of bank liquidation, there is capital and other capital reserves (inflation difference correction). Investment in associates which is denominated in foreign currency on balance sheet, is presented under deductions from Tier I on equity table if there is not enough Tier I or Tier II capital. The amount included in the provision item under Tier II is general provisions.



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SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations on Consolidated Equity (Continued)

Explanations on the reconciliation of consolidated capital items to balance sheet:

Current Period (31.12.2022)	Balance Sheet Value	Amount of Adjustment	Value at Capital Report
1.Paid-in-Capital	2.500.000	206.074	2.706.074
2.Capital Reserves	210.112	(206.074)	4.038
2.1. Share Premium	4.038	-	4.038
2.2. Share Cancellation Profits	-	-	-
2.3. Other Capital Reserves	206.074	(206.074)	-
3.Accumulated Other Comprehensive Income or Loss that will not be Reclassified to Profit or Loss	(506)	-	(506)
4. Accumulated Other Comprehensive Income or Loss that will be Reclassified to Profit or Loss	164.608	68.266	232.874
5.Profit Reserves	2.277.957	1.171	2.279.128
6.Profit or Loss	1.701.569	(1.171)	1.700.398
6.1. Prior Periods' Profit or (Loss)	1.171	(1.171)	-
6.2. Current Period Profit or (Loss)	1.700.398	-	1.700.398
Deductions from Common Equity Tier I Capital (-)	-	(212.786)	(212.786)
Common Equity Tier I Capital	6.853.740	(144.520)	6.709.220
Subordinated Loans	-	4.486.455	4.486.455
Deductions from Tier I capital (-)	-	-	-
Tier I Capital	6.853.740	4.341.935	11.195.675
Subordinated Loans	-	1.117.460	1.117.460
General Provisions	-	612.600	612.600
Deductions from Tier II capital (-)	-	-	-
Tier II Capital	-	1.730.060	1.730.060
Deductions from Total Capital (-)	-	-	-
Total	6.853.740	6.071.995	12.925.735

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SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations on Consolidated Equity (Continued):

Explanations on the reconciliation of consolidated capital items to balance sheet (Continued):

Prior Period (31.12.2021)	Balance Sheet Value	Amount of Adjustment	Value at Capital Report
1.Paid-in-Capital	2.000.000	206.074	2.206.074
2.Capital Reserves	209.821	(206.074)	3.747
2.1. Share Premium	3.747	-	3.747
2.2. Share Cancellation Profits	-	-	-
2.3. Other Capital Reserves	206.074	(206.074)	-
3.Accumulated Other Comprehensive Income or Loss that will not be Reclassified to Profit or Loss	(998)	1.310	312
4. Accumulated Other Comprehensive Income or Loss that will be Reclassified to Profit or Loss	(23.259)	27.577	4.318
5.Profit Reserves	1.463.876	(270)	1.463.606
6.Profit or Loss	816.197	270	816.467
6.1. Prior Periods' Profit or (Loss)	(270)	270	-
6.2. Current Period Profit or (Loss)	816.467	-	816.467
Deductions from Common Equity Tier I Capital (-)	-	(167.290)	(167.290)
Common Equity Tier I Capital	4.465.637	(138.403)	4.327.234
Subordinated Loans	-	2.228.580	2.228.580
Deductions from Tier I capital (-)	-	-	-
Tier I Capital	4.465.637	2.090.177	6.555.814
Subordinated Loans	-	833.881	833.881
General Provisions	-	290.632	290.632
Deductions from Tier II capital (-)	-	-	-
Tier II Capital	-	1.124.513	1.124.513
Deductions from Total Capital (-)	-	-	-
Total	4.465.637	3.214.690	7.680.327



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SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations on Consolidated Equity (Continued):

Information on borrowing instruments to be included in the consolidated equity calculation:

Current Period (31.12.2022)	
Issuer-Loan supplier	Bank / Republic of Turkey Ministry of Treasury and Finance
Identifier (CUSIP, ISIN etc.)	-
Governing law (s) of the instrument	BRSA
Regulatory treatment	
Subject to 10% deduction as of 1/1/2015	No
Eligible on unconsolidated and /or consolidated basis	Consolidated and Unconsolidated
Instrument type	Loan
Amount recognized in regulatory capital (Currency in TL million, as of most recent reporting date)	1.117
Nominal value of instrument (TL million)	1.117
Accounting classification of the instrument	Liabilities Subordinated Loan
Original date of issuance	31.12.2018
Maturity structure of the instrument (perpetual/dated)	Perpetual
Starting maturity of the instrument	-
Issuer call subject to prior supervisory (BRSA) approval	Yes
Call option dates, conditioned call dates and call amount	-
Subsequent call dates, if applicable	-
Interest / dividend payments	
Fixed or floating coupon/dividend payments	-
Interest rate and related index value	-
Existence of any dividend payment restriction	-
Fully discretionary, partially discretionary or mandatory	-
Existence of step up or other incentive to redeem	-
Noncumulative or cumulative	-
Convertible into equity shares	
If convertible, conversion trigger(s)	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, type of instrument convertible into	-
If convertible, issuer of instrument to be converted into	-
Write-down feature	
If bonds can be written down, write down trigger(s)	-
If bond can be written-down, full or partial	-
If bond can be written-down, permanent or temporary	-
If temporary write-down, description of write-up mechanism	-
Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument)	After borrowings, before the additional capital, same as Tier II Capital
In compliance with article number 7 and 8 of Regulation on Bank Capital	Complies with the requirements of Article 8 of the Regulation on Equity of Banks.
Details of incompliances with article number 7 and 8 of Regulation on Bank Capital	Complies with the requirements of Article 8 of the Regulation on Equity of Banks.



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SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations on Consolidated Equity (Continued):

Information on borrowing instruments to be included in the consolidated equity calculation (Continued):

Prior Period (31.12.2021)	
Issuer-Loan supplier	Bank / Republic of Turkey Ministry of Treasury and Finance
Identifier (CUSIP, ISIN etc.)	-
Governing law (s) of the instrument	BRSA
Regulatory treatment	
Subject to 10% deduction as of 1/1/2015	No
Eligible on unconsolidated and /or consolidated basis	Consolidated and Unconsolidated
Instrument type	Loan
Amount recognized in regulatory capital (Currency in TL million, as of most recent reporting date)	834
Nominal value of instrument (TL million)	834
Accounting classification of the instrument	Liabilities Subordinated Loan
Original date of issuance	31.12.2018
Maturity structure of the instrument (perpetual/dated)	Perpetual
Starting maturity of the instrument	-
Issuer call subject to prior supervisory (BRSA) approval	Yes
Call option dates, conditioned call dates and call amount	-
Subsequent call dates, if applicable	-
Interest / dividend payments	
Fixed or floating coupon/dividend payments	-
Interest rate and related index value	-
Existence of any dividend payment restriction	-
Fully discretionary, partially discretionary or mandatory	-
Existence of step up or other incentive to redeem	-
Noncumulative or cumulative	-
Convertible into equity shares	
If convertible, conversion trigger (s)	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, type of instrument convertible into	-
If convertible, issuer of instrument to be converted into	-
Write-down feature	
If bonds can be written-down, write-down trigger(s)	-
If bond can be written-down, full or partial	-
If bond can be written-down, permanent or temporary	-
If temporary write-down, description of write-up mechanism	-
Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument)	After borrowings, before the additional capital, same as Tier II Capital
In compliance with article number 7 and 8 of Regulation on Bank Capital	Complies with the requirements of Article 8 of the Regulation on Equity of Banks.
Details of incompliances with article number 7 and 8 of Regulation on Bank Capital	Complies with the requirements of Article 8 of the Regulation on Equity of Banks.



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SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations on Consolidated Equity (Continued):

Information on borrowing instruments to be included in the equity calculation (Continued):

Current Period (31.12.2022)	
Issuer-Loan supplier	Bank / TWF
Identifier (CUSIP, ISIN etc.)	-
Governing law (s) of the instrument	BRSA
Regulatory treatment	
Subject to 10% deduction as of 1/1/2015	No
Eligible on unconsolidated and /or consolidated basis	Consolidated and Unconsolidated
Instrument type	Loan
Amount recognized in regulatory capital (Currency in TL million, as of most recent reporting date)	2.986
Nominal value of instrument (TL million)	2.986
Accounting classification of the instrument	Liabilities Subordinated Loan
Original date of issuance	24.04.2019
Maturity structure of the instrument (perpetual/dated)	Perpetual
Starting maturity of the instrument	-
Issuer call subject to prior supervisory (BRSA) approval	Yes
Call option dates, conditioned call dates and call amount	25.04.2024 (There is an early payment option after the 5th year)
Subsequent call dates, if applicable	-
Interest / dividend payments	
Fixed or floating coupon/dividend payments	Fixed Interest
Interest rate and related index value	5,08
Existence of any dividend payment restriction	-
Fully discretionary, partially discretionary or mandatory	-
Existence of step up or other incentive to redeem	-
Noncumulative or cumulative	-
Convertible into equity shares	
If convertible, conversion trigger (s)	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, type of instrument convertible into	-
If convertible, issuer of instrument to be converted into	-
Write-down feature	
If bonds can be written-down, write-down trigger(s)	-
If bond can be written-down, full or partial	-
If bond can be written-down, permanent or temporary	-
If temporary write-down, description of write-up mechanism	-
Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument)	After senior creditors and Tier II Capital
In compliance with article number 7 and 8 of Regulation on Bank Capital	Complies with the requirements of Article 7 of the Regulation on Equity of Banks.
Details of incompliances with article number 7 and 8 of Regulation on Bank Capital	Complies with the requirements of Article 7 of the Regulation on Equity of Banks.



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SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations on Consolidated Equity (Continued):

Information on borrowing instruments to be included in the equity calculation (Continued):

Prior Period (31.12.2021)	
Issuer- Loan supplier	Bank / TWF
Identifier (CUSIP, ISIN etc.)	-
Governing law (s) of the instrument	BRSA
Regulatory treatment	
Subject to 10% deduction as of 1/1/2015	No
Eligible on unconsolidated and /or consolidated basis	Consolidated / Unconsolidated
Instrument type	Loan
Amount recognized in regulatory capital (Currency in TL million, as of most recent reporting date)	2.229
Nominal value of instrument (TL million)	2.229
Accounting classification of the instrument	Liabilities Subordinated Loan
Original date of issuance	24.04.2019
Maturity structure of the instrument (perpetual/dated)	Perpetual
Starting maturity of the instrument	-
Issuer call subject to prior supervisory (BRSA) approval	Yes
Call option dates, conditioned call dates and call amount	25.04.2024 (There is an early payment option after the 5th year)
Subsequent call dates, if applicable	-
Interest / dividend payments	
Fixed or floating coupon/dividend payments	Fixed Interest
Interest rate and related index value	5,08
Existence of any dividend payment restriction	-
Fully discretionary, partially discretionary or mandatory	-
Existence of step up or other incentive to redeem	-
Noncumulative or cumulative	-
Convertible into equity shares	
If convertible, conversion trigger (s)	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, type of instrument convertible into	-
If convertible, issuer of instrument to be converted into	-
Write-down feature	
If bonds can be written-down, write-down trigger(s)	-
If bond can be written-down, full or partial	-
If bond can be written-down, permanent or temporary	-
If temporary write-down, description of write-up mechanism	-
Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument)	After senior creditors and Tier II Capital
In compliance with article number 7 and 8 of Regulation on Bank Capital	Complies with the requirements of Article 7 of the Regulation on Equity of Banks.
Details of incompliances with article number 7 and 8 of Regulation on Bank Capital	Complies with the requirements of Article 7 of the Regulation on Equity of Banks.



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SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations on Consolidated Equity (Continued):

Information on borrowing instruments to be included in the equity calculation (Continued):

Current Period (31.12.2022)	
Issuer	Bank / TWF
Identifier (CUSIP, ISIN etc.)	-
Governing law (s) of the instrument	BRSA
Regulatory treatment	
Subject to 10% deduction as of 1/1/2015	No
Eligible on unconsolidated and /or consolidated basis	Consolidated / Unconsolidated
Instrument type	Loan
Amount recognized in regulatory capital (Currency in TL million, as of most recent reporting date)	1.500 (in 3 slices)
Nominal value of instrument (TL million)	1.500 (in 3 slices)
Accounting classification of the instrument	Liabilities
Original date of issuance	Subordinated Loan
Maturity structure of the instrument (perpetual/dated)	09.03.2022
Starting maturity of the instrument	Perpetual
Issuer call subject to prior supervisory (BRSA) approval	-
Call option dates, conditioned call dates and call amount	Yes
Subsequent call dates, if applicable	11-12-13 years at the earliest in tranches
Interest / dividend payments	-
Fixed or floating coupon/dividend payments	Variable interest rate
Interest rate and related index value	0% Real interest rate and CPI indexed
Existence of any dividend payment restriction	-
Fully discretionary, partially discretionary or mandatory	-
Existence of step up or other incentive to redeem	-
Noncumulative or cumulative	-
Convertible into equity shares	
If convertible, conversion trigger (s)	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, type of instrument convertible into	-
If convertible, issuer of instrument to be converted into	-
Write-down feature	
If bonds can be written-down, write-down trigger(s)	-
If bond can be written-down, full or partial	-
If bond can be written-down, permanent or temporary	-
If temporary write-down, description of write-up mechanism	-
Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument)	After senior creditors and Tier II Capital
In compliance with article number 7 and 8 of Regulation on Bank Capital	Complies with the requirements of Article 7 of the Regulation on Equity of Banks.
Details of incompliances with article number 7 and 8 of Regulation on Bank Capital	Complies with the requirements of Article 7 of the Regulation on Equity of Banks.



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SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations on Consolidated Credit Risk:

Credit risk defined as the probability of loss that the Parent Bank may incur as a result of the counterparty’s failure to comply its contractual obligation partially or completely in time. The Bank ensures that credit risk is managed in accordance with the volume, nature and complexity of the loans, taking into account the best practices, within the framework of the BRSA regulations.

The most basic banking service provided by the Parent Bank to finance medium and long-term investments, which is the core function of the Bank, is the "project evaluation-based lending activity". Considering the proportional size within the balance sheet structure, credit risk is the most important risk item of the Parent Bank.

The general principle of the risk policies to be monitored by the Parent Bank is to take risks that can be defined, controlled and / or managed in this sense and to strive not to take a risk other than the risks that are inevitable and arising due to the nature of its activities. Based on the basic principle of ensuring that the risks to be taken within this scope are defined and manageable risks, the Parent Bank’s credit risk is subject to foreign exchange risk, depending on the sensitivity shown to the compliance of loan disbursements with loan source conditions, except for credit risk and counterparty risk, which are inevitable due to the lending requirement, there are only manageable risks depending on the sensitivity shown to ensure that loan disbursements are compatible with loan resource conditions.

In the Parent Bank that has a fully functioning mechanisms based on activities, actively used committees and risk budgeting practices in decision-making and risk management processes, Credit Rating Committee continues its activities in order to determine the procedures and principles of the Parent 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 Parent Bank's loan policies, to increase the efficiency of the loan portfolio within the framework of changing and developing conditions and to determine strategies for customers in trouble / legal follow-up.

All loan placements of the Parent Bank are allocated in accordance with legal legislations and reports prepared by Financial Analysis and Valuation Department and Loan Allocation Department and with approvals of Credit Rating Committee and Board of Directors. Since the lending of the Parent Bank are in the form of project financing, the amount of loan that can be disbursed to a firm is basically determined during project assessment stage and disbursements are made in a controlled manner through monitoring of expenditures.

The financial data of the customers are regularly monitored until the collection and liquidation of the risk is completed with respect to the customers that are lendedy by the Parent Bank, and with deferred payment plan. For the customers whose income is above a certain limit or need to be re-evaluated, both the customer and its headquarters and the investment place are examined and detected. A Monitoring Report including recommendations developed as a result of the examinations and detections is being prepared.

Loan balances of borrowers and other receivables are regularly monitored in accordance with the relevant legislation, and in case of an increase in the risk level of the borrower's credit, the credit limits are monitored and additional collateral is taken if necessary.



TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations on Consolidated Credit Risk (Continued):

For loan allocations, sectors are defined in accordance with borrowing conditions. The sectoral distribution of the loan customers is monitored and those distributions are taken into account during lending decisions and goals.

Parent Bank ensures that credit risk is managed in accordance with the volume, nature and complexity of the loans, taking into account the best practices, within the framework of the BRSA regulations. The Parent Bank ensures that the credit risks of all products, not only loan products, and activities are defined, measured and managed, not limited to loan products only. The Board of Directors constantly reviews, develops and, if necessary, makes adjustments to the system to ensure that the loan decision support systems are in compliance with the structure, size and complexity of the Parent Bank’s activities.

The Parent Bank is not subject to the general loan restrictions defined by the Article 54 of the Banking Law numbered 5411. However, in the Parent Bank’s internal loan bylaws, the loan limits are determined mostly in parallel with the limitations set out in the Law. Loan monitoring department actively takes part in the measuring, analyzing and monitoring processes in order to determine credit risk level, and reports periodically to the Board of Directors, the Audit Committee and senior management.

Within the framework of the policies determined within the scope of BRSA Accounting and Financial Reporting Legislation;

The Parent Bank evaluates its financial assets in 3 stages within the scope of TFRS 9. In this context, the Parent Bank calculates the lifetime expected credit loss for the loans that have defaulted (Stage 3) and loans that have not yet defaulted but have significantly increased the credit risk at the date of disbursement (Stage 2). For other financial assets within the scope of TFRS 9 (Stage 1) the Parent Bank reflects the calculation including the probability of default within 12 months after the reporting date as the expected loss reserve.

In the Parent Bank forward and other derivative product transactions are carried out within the framework of asset-liability management taking into account legal limits. Credit risk assumed by such transactions is managed together with potential risks arising from market movements. There is no option contract in the Parent Bank.

The Bank allocates provisions in accordance with TFRS 9 policy approved by the Board, “Regulation on the Procedures and Principles for Classification of Loans and Provisions to be Set Aside” and TFRS 9 Financial Instruments Standard.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations on Consolidated Credit Risk (Continued):

Risk Categories	Current Period (31.12.2022)		Prior Period (31.12.2021)	
	Risk Amount ^(*)	Average Risk Amount	Risk Amount ^(*)	Average Risk Amount
Conditional and unconditional receivables to central governments or central banks	13.222.381	9.948.065	5.702.181	3.982.969
Conditional and unconditional receivables to banks and brokerage houses	32.526.920	23.288.479	20.590.504	14.161.935
Conditional and unconditional corporate receivables	48.447.222	40.105.893	29.997.386	19.212.233
Conditional and unconditional retail receivables	-	-	-	-
Conditional and unconditional receivables secured by real estate property	1.221.755	949.699	930.838	1.429.069
Overdue receivables	326.553	375.174	326.710	74.177
Receivables defined in high risk category by BRSA	-	-	-	199.555
Receivables as a collective investment establishment	135.407	178.563	245.599	20.467
Other receivables	439.338	315.530	229.469	203.157

(*) Includes risk amounts before the effect of credit risk mitigation but after the credit conversions.

Restructured loans whose amortization schedule has been changed are followed in the accounts which are specified by related regulations and monitored in accordance with the Parent Bank’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 Parent Bank does not have any risks within the scope of private sector loans and trading accounts in banking accounts in other countries, cyclical capital buffer is not calculated.

- a) The Parent Bank’s top 100 and 200 cash loan customers compose 88,03% and 98,19% of the total cash loan portfolio, respectively (31 December 2021: 89,88% and 98,37%).
- b) The Parent Bank’s top 100 and 200 cash and non-cash loan customers compose 59,34% and 65,81% of the total on and off balance sheet assets, respectively (31 December 2021: 73,81% and 80,32%).
- c) The Parent Bank’s top 100 and 200 non-cash loan customers compose 100% of the total non-cash loans (31 December 2021: 100%).

The Parent Bank allocated expected credit loss provision (Stage 1 and Stage 2) amounting to TL 539.816 (31 December 2021: TL 259.942).

In the calculation of the ratios mentioned above, the expected credit loss provisions are not taken into consideration.



TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

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SECTION FOUR (Continued)
INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)
II. Explanations on Consolidated Credit Risk (Continued):

Profile of Significant Risks in Major Regions

	Risk Categories (***)							
	Conditional and Unconditional Receivables to Central Governments or Central Banks	Conditional and Unconditional Receivables to Banks and Brokerage Houses	Conditional and Unconditional Corporate Receivables	Conditional and Non-Conditional Real Estate Mortgage-Secured Receivables	Overdue Receivables	Receivables Defined Under High Risk Category By The Board (****)	Collective Investment Institution Like Receivables	Other Receivables
Current Period (31.12.2022)								
Domestic	13.222.381	32.462.030	48.447.222	1.221.755	326.553	-	129.401	-
European Union (EU) Countries	-	104	-	-	-	-	6.006	-
OECD Countries (*)	-	64.786	-	-	-	-	-	-
Off-Shore Banking Regions	-	-	-	-	-	-	-	-
USA, Canada	-	-	-	-	-	-	-	-
Other Countries	-	-	-	-	-	-	-	-
Associates, Subsidiaries and Joint –Ventures	-	-	-	-	-	-	-	10.586
Unallocated Assets (**)	-	-	-	-	-	-	-	428.752
Total	13.222.381	32.526.920	48.447.222	1.221.755	326.553	-	135.407	439.338
Prior Period (31.12.2021)								
Domestic	5.702.181	18.136.810	29.997.386	930.838	326.710	-	213.743	-
European Union (EU) Countries	-	302	-	-	-	-	31.856	-
OECD Countries (*)	-	2.453.392	-	-	-	-	-	-
Off-Shore Banking Regions	-	-	-	-	-	-	-	-
USA, Canada	-	-	-	-	-	-	-	-
Other Countries	-	-	-	-	-	-	-	-
Associates, Subsidiaries and Joint –Ventures	-	-	-	-	-	-	-	10.119
Unallocated Assets (**)	-	-	-	-	-	-	-	219.350
Total	5.702.181	20.590.504	29.997.386	930.838	326.710	-	245.599	229.469

(*) Includes OECD countries other than EU countries, USA and Canada.
(**) Includes asset and liability items that cannot be allocated on a consistent basis.
(****) Includes risk amounts before the effect of credit risk mitigation but after the credit conversions.

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SECTION FOUR (Continued)
INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)
II. Explanations on Consolidated Credit Risk (Continued):

Risk profile by sectors or counterparties:

Current Period (31 December 2022)	Conditional and Unconditional Receivables to Central Governments or Central Banks	Conditional and Unconditional Receivables to Banks and Brokerage Houses	Conditional and Non-Conditional Real Estate Mortgage-Secured Receivables	Overdue Receivables	Receivables Defined Under High Risk Category by the Board	Collective Investment Institution Like Receivables ¹⁾	Other Receivables	TL	FC	TOTAL
Agriculture	-	-	-	-	-	-	-	225.121	-	225.121
Farming and Stockbreeding	-	-	-	-	-	-	-	-	-	-
Forestry	-	-	-	-	-	-	-	-	-	-
Fishery	-	-	-	-	-	-	-	225.121	-	225.121
Manufacturing	-	-	860.137	326.553	-	-	-	8.777.983	38.119.333	46.897.316
Mining and Quarrying	-	-	241.540	-	-	-	-	2.486	239.054	241.540
Production	-	-	573.679	82	-	-	-	7.494.445	8.960.723	16.455.168
Electricity, Gas, Water	-	-	286.458	326.471	-	-	-	1.281.052	28.919.556	30.200.608
Construction	-	-	358.932	-	-	-	-	253.916	105.016	358.932
Services	13.222.381	32.526.920	2.152.543	-	-	135.407	439.339	23.134.130	25.704.078	48.838.208
Wholesale and Retail Trade	-	-	-	-	-	-	-	-	-	-
Accommodation and Dining	-	5	214.421	-	-	-	-	464.848	1.089.987	1.554.835
Transportation and Telecommunication	-	-	-	-	-	-	-	95.978	-	95.978
Financial Institutions	13.222.381	32.526.915	125.398	-	-	135.407	439.339	22.554.553	24.336.452	46.891.005
Real Estate and Rental Services	-	-	-	-	-	-	-	-	-	-
Professional Services	-	-	-	-	-	-	-	-	-	-
Educational Services	-	-	21.799	-	-	-	-	18.751	65.789	84.540
Health and Social Services	-	-	-	-	-	-	-	-	211.850	211.850
Others	-	-	-	-	-	-	-	-	-	-
Total	13.222.381	32.526.920	1.221.755	326.553	-	135.407	439.339	32.391.150	63.928.427	96.319.577

¹⁾ Collective investment institution like receivables were reported in the category of receivables defined under high risk category by the Board, before December 2021.
There are no balances in the following classes.
2-Contingent and non-contingent receivables from regional or local governments
3-Contingent and non-contingent receivables from Administrative Units and Non-Commercial Enterprises
4-C-Contingent and non-contingent receivables from multilateral development banks
5-Contingent and non-contingent receivables from international organizations
6-Contingent and non-contingent receivables from international organizations
7-Contingent and non-contingent receivables from international organizations
8-Contingent and non-contingent receivables from international organizations
9-Contingent and non-contingent receivables from international organizations
10-Contingent and non-contingent receivables from international organizations
11-Receivables that are determined to be high risk by the Board in 2021 and receivables that are like collective investment institutions in 2020
12-Mortgage secured securities
13-Securitization positions
14-Short-term receivables from banks and intermediary institutions and short-term corporate receivables
15-Equity investment

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations on Consolidated Credit Risk (Continued):

Risk profile by sectors or counterparties:

Prior Period (31 December 2021)	Conditional and Unconditional Receivables to Central Governments or Central Banks	Conditional and Unconditional Receivables to Banks and Brokerage Houses	Conditional and Unconditional Corporate Receivables	Conditional and Non-Conditional Real Estate Mortgage- Secured Receivables	Overdue Receivables	Receivables Defined Under High Risk Category by the Board	Collective Investment Institution Like Receivables(*)	Other Receivables	TL	FC	TOTAL
Agriculture	-	-	-	-	-	-	-	-	-	-	-
Farming and Stockbreeding	-	-	-	-	-	-	-	-	-	-	-
Forestry	-	-	-	-	-	-	-	-	-	-	-
Fishery	-	-	-	-	-	-	-	-	-	-	-
Manufacturing	-	-	27.507.544	646.477	326.710	-	-	-	2.291.215	26.189.516	28.480.731
Mining and Quarrying	-	-	-	-	-	-	-	-	-	-	-
Production	-	-	6.208.772	181.410	390	-	-	-	1.897.764	4.492.808	6.390.572
Electricity, Gas, Water	-	-	21.298.772	465.067	326.320	-	-	-	393.451	21.696.708	22.090.159
Construction	-	-	6.080	-	-	-	-	-	-	6.080	6.080
Services	5.702.181	20.590.504	2.483.762	284.361	-	-	245.599	229.459	6.891.076	22.644.790	29.535.866
Wholesale and Retail Trade	-	-	-	-	-	-	-	-	-	-	-
Accommodation and Dining	-	5	1.511.841	256.684	-	-	-	-	520.498	1.248.032	1.768.530
Transportation and Telecommunication	-	-	43.316	-	-	-	-	-	43.316	-	43.316
Financial Institutions	5.702.181	20.590.499	730.244	-	-	-	245.599	229.459	6.300.833	21.197.149	27.497.982
Real Estate and Rental Services	-	-	-	-	-	-	-	-	-	-	-
Professional Services	-	-	-	-	-	-	-	-	-	-	-
Educational Services	-	-	69.560	27.677	-	-	-	-	26.429	70.808	97.237
Health and Social Services	-	-	128.801	-	-	-	-	-	-	128.801	128.801
Others	-	-	-	-	-	-	-	10	-	-	10
Total	5.702.181	20.590.504	29.997.386	930.838	326.710	-	245.599	229.469	9.182.301	48.840.386	58.022.687

There are no balances in the following classes.

2-Contingent and non-contingent receivables from regional or local governments

3-Contingent and non-contingent receivables from Administrative Units and Non-Commercial Enterprises

4-Contingent and non-contingent receivables from multilateral development banks

5-Contingent and non-contingent receivables from international organizations

6-Contingent and non-contingent receivables from international organizations

7-Contingent and non-contingent receivables from international organizations

8-Contingent and non-contingent receivables from international organizations

9-Contingent and non-contingent receivables from international organizations

10-Contingent and non-contingent receivables from international organizations

11-Receivables that are determined to be high risk by the Board in 2021 and receivables that are like collective investment institutions in 2020

12-Mortgage secured securities

13-Securitization positions

14-Short-term receivables from banks and intermediary institutions and short-term corporate receivables

15-Equity Investments

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations on Consolidated Credit Risk (Continued):

Analysis of Maturity-Bearing Risks According to Remaining Maturities

Risk Categories Current Period (31.12.2022)	Term to Maturity				
	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year
Conditional and unconditional receivables to central governments or central banks	344.746	903.261	1.598.141	816.145	9.472.611
Conditional and unconditional receivables to banks and brokerage houses	16.162.408	1.146.312	316.654	8.525.473	5.408.235
Conditional and unconditional corporate receivables	660.805	2.371.586	3.194.341	6.448.032	47.614.709
Conditional and unconditional retail receivables	-	-	-	-	-
Conditional and unconditional receivables secured by real estate property	13.963	50.111	67.496	134.992	955.193
Total	17.181.922	4.471.270	5.176.632	15.924.642	63.450.748

Risk Categories Current Period (31.12.2021)	Term to Maturity				
	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year
Conditional and unconditional receivables to central governments or central banks	32.122	286.775	-	399.032	4.952.976
Conditional and unconditional receivables to banks and brokerage houses	6.975.789	174.122	593.537	293.135	8.153.186
Conditional and unconditional corporate receivables	508.136	1.197.522	1.784.770	3.569.540	28.728.485
Conditional and unconditional retail receivables	-	-	-	-	-
Conditional and unconditional receivables secured by real estate property	13.978	32.942	49.096	98.192	736.631
Total	7.530.025	1.691.361	2.427.403	4.359.899	42.571.278

Information on Risk Categories

For the determination of risk weights for risk classes defined in the Article 6 of the “Regulation on Measurement and Assessment of Capital Adequacy of Banks”, all counter parties are treated as non-rated since no rating agency is authorized by the Bank.

Current Period (31.12.2022)											Other Risk Weights	Deductions from Equity
Risk Weights	0%	10%	20%	25%	35%	50%	75%	100%	150%	250%		
Before Credit Risk Mitigation	6.991.841	-	15.514.730	-	48.384	1.373.058	-	72.265.647	-	-	125.916	23.724
After Credit Risk Mitigation	6.991.841	-	15.514.730	-	48.384	2.712.140	-	70.926.565	-	-	125.916	-

Prior Period (31.12.2021)											Other Risk Weights	Deduction s from Equity
Risk Weights	0%	10%	20%	25%	35%	50%	75%	100%	150%	250%		
Before Credit Risk Mitigation	1.863.104	-	4.641.144	-	-	1.196.912	-	50.272.337	49.019	-	-	21.875
After Credit Risk Mitigation	1.863.105	-	4.641.144	-	-	1.358.179	-	50.111.240	49.019	-	-	-



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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations on Consolidated Credit Risk (Continued):

Information by Major Sectors or Type of Counterparties:

The Parent Bank classifies its loans under the TFRS 9 Policy approved by the Board of Directors and allocates provisions. In this context, the Parent Bank calculates and reflects the lifetime expected credit loss to the relevant loans when they have not fallen into default yet, but there is a significant increase in the credit risk at the date of credit’s issuance (Stage 2) and in default (Stage 3).

In the TFRS 9 Provisions Methodology document approved by the Board of Directors, the Bank has determined the criterias of “Significant Increase in Credit Risk” and “Classification”, loans are classified and provisioned according to these criterias.

Current Period (31.12.2022) Major Sectors / Counter Parties	Credits		Provisions
	Impaired Loans (TFRS 9)		Expected Credit Loss Provisions (TFRS 9)
	Significant Increase in Credit Risk (Stage 2)	Default (Stage 3)	
Agriculture	-	-	-
Farming and Stockbreeding	-	-	-
Forestry	-	-	-
Fishery	-	-	-
Manufacturing	2.229.029	850.019	666.581
Mining and Quarrying	-	-	-
Production	212.051	7.053	7.095
Electricity, Gas and Water	2.016.978	842.966	659.486
Construction	-	-	-
Services	571.759	43.221	45.056
Wholesale and Retail Trade	-	-	-
Accommodation and Dining	209.873	39.972	40.420
Transportation and Telecommunication	215.210	-	1.143
Financial Institutions	-	-	-
Real Estate and Rental Services	-	-	-
Professional Services	-	-	-
Educational Services	27.830	-	35
Health and Social Services	118.846	3.249	3.458
Others	5.642	1.134	1.136
Total	2.806.430	894.374	712.773

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations on Consolidated Credit Risk (Continued):

Information by Major Sectors or Type of Counterparties (Continued):

Prior Period (31.12.2021) Major Sectors / Counter Parties	Credits		Provisions
	Impaired Loans (TFRS 9)		Expected Credit Loss Provisions (TFRS 9)
	Significant Increase in Credit Risk (Stage 2)	Default (Stage 3)	
Agriculture	-	-	-
Farming and Stockbreeding	-	-	-
Forestry	-	-	-
Fishery	-	-	-
Manufacturing	1.703.537	791.666	543.877
Mining and Quarrying	-	-	-
Production	256.847	17.043	16.929
Electricity, Gas and Water	1.446.690	774.623	526.948
Construction	-	-	-
Services	579.813	62.350	65.449
Wholesale and Retail Trade	-	-	-
Accommodation and Dining	268.017	55.615	57.494
Transportation and Telecommunication	191.232	-	978
Financial Institutions	-	-	-
Real Estate and Rental Services	-	-	-
Professional Services	-	-	-
Educational Services	30.592	-	36
Health and Social Services	89.972	6.735	6.941
Others	7.364	1.134	1.141
Total	2.290.714	855.150	610.467

Information on Movements in Value Adjustments and Provisions:

Current Period (31.12.2022)	Opening Balance	Provision for Period	Provision Reversals	Other Adjustments	Closing Balance
1. Stage 3 Provisions	528.440	101.293	(61.912)	-	567.821
2. Stage 1 and 2 Provisions	291.187	330.092	(7.644)	-	613.635

Prior Period (31.12.2021)	Opening Balance	Provision for Period	Provision Reversals	Other Adjustments	Closing Balance
1. Stage 3 Provisions	150.380	391.753	(13.693)	-	528.440
2. Stage 1 and 2 Provisions	215.611	299.605	(224.029)	-	291.187



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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

III. Explanations on Consolidated Currency Risk :

The Parent Bank is exposed to currency risk because of inconsistency of the foreign currency denominated asset and liability balances with respect to the transactions made in foreign currencies.

The currency risk management policy of the Bank is defined as, keeping the “Foreign Currency Net General Position / Equity Standard” ratio within the legal boundaries with respect to the economic matters, trends in the market and financial position of the Parent Bank. By keeping up with this main goal and with respect to asset and liability management, foreign currency denominated assets are appreciated with the most favorable interest rates in the foreign currency market.

Currency risk is calculated within the scope of the standard method used for legal reporting.

Besides, the exchange rate risk faced by the Parent Bank daily is determined by preparing the foreign currency balance sheet by covering individual positions. Proforma foreign currency balance sheets are used for the measurement of the future exchange rate risks (including foreign currency-indexed assets and liabilities).

The Parent Bank has no hedging derivative instruments for foreign currency denominated borrowings and net foreign currency investments.

A non-speculative foreign exchange position management policy is followed in order to limit the exposure of the currency risk. In this respect, distribution of foreign currency denominated on balance sheet and off-balance sheet items are considered.

In order to reduce the risk of foreign exchange rate fluctuations affecting the financial structure of the bank, the risk of foreign exchange rate of the Bank is determined based on the Foreign Currency Net General Position / Equity ratio determined by the BRSA, which is 20%. The limit of the ratio has been changed to 5% effective from 9 January 2023 with the “Regulation on the Amendment to the Regulation on the Calculation and Application of Foreign Currency Net General Position/Shareholders’ Equity Standard Ratio on Consolidated and Unconsolidated Basis by Banks” published in the Official Gazette on 10 December 2022.

The foreign exchange buying rates of the Parent Bank as of the date of the financial statements and the last five business days prior to that date are as follows:

Date	USD	EURO	100 JPY
30/12/2022	18,7104	19,9097	14,1360
29/12/2022	18,7001	19,8539	14,0128
28/12/2022	18,6996	19,9095	14,0503
27/12/2022	18,6531	19,8749	14,0651
26/12/2022	18,6923	19,8512	14,1287

The simple arithmetic average of the last thirty-day rates as of 31 December 2022; USD: TL 18,6241, EURO: TL 19,7174, 100 JPY: TL 13,8592.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

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SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

III. Explanations on Consolidated Currency Risk (Continued):

Information on the currency risk of the Parent Bank:

Current Period (31.12.2022)	EURO	USD	Other FC(*)	Total
Assets				
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	-	-	-	-
Banks	592.546	392.374	1.275	986.195
Financial assets measured at fair value through profit and loss	129.401	28.065	-	157.466
Money market placements	-	-	-	-
Financial assets measured at fair value through other comprehensive income	2.292.410	2.874.690	-	5.167.100
Loans	15.725.093	34.154.610	-	49.879.703
Subsidiaries, associates and jointly controlled entities (joint ventures)	-	-	-	-
Financial assets measured at amortised cost	3.997.287	-	-	3.997.287
Derivative financial assets for hedging purposes	-	-	-	-
Tangible assets	-	-	-	-
Intangible assets	-	-	-	-
Other assets	29.246	89.132	-	118.378
Total assets	22.765.983	37.538.871	1.275	60.306.129

Liabilities				
Interbank deposits	-	-	-	-
Foreign currency deposits	-	-	-	-
Money market borrowings	-	-	-	-
Funds provided from other financial institutions	15.199.171	40.017.246	-	55.216.417
Securities issued	2.018.433	-	-	2.018.433
Marketable securities issued	4.646.290	-	-	4.646.290
Sundry creditors	23.660	280.953	-	304.613
Derivative financial liabilities for hedging purposes	-	-	-	-
Other liabilities	454.405	970.619	45	1.425.069
Total liabilities	22.341.959	41.268.818	45	63.610.822

Net balance sheet position	424.024	(3.729.947)	1.230	(3.304.693)
Net off-balance sheet position	(206.065)	3.756.486	-	3.550.421
Assets on derivative instruments	1.473.318	7.161.779	-	8.635.097
Liabilities on derivative instruments	(1.679.383)	(3.405.293)	-	(5.084.676)
Non-cash loans	1.341.516	1.627.527	-	2.969.043

Prior Period (31.12.2021)				
Total assets	16.298.736	24.351.009	1.124	40.650.869
Total liabilities	17.125.684	23.061.844	-	40.187.528
Net balance sheet position	(826.948)	1.289.165	1.124	463.341
Net off-balance sheet position	846.860	(1.289.857)	-	(442.997)
Assets on derivative instruments	846.860	-	-	846.860
Liabilities on derivative instruments	-	(1.289.857)	-	(1.289.857)
Non-cash loans	1.017.718	1.234.957	-	2.252.675

(*) The foreign currencies presented in the other FC column of assets comprise 10% GBP, 58% CHF and 32% JPY; all of the foreign currencies in the other FC column of the liabilities section are GBP.

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SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

III. Explanations on Consolidated Currency Risk (Continued):

Consolidated Currency Risk Sensitivity:

The following table shows the sensitivity of the Parent Bank with 10% change in USD and EURO currencies.

	Increase in Exchange Rates	Effect on Profit/Loss (*)		Effect on Shareholders' Equity	
	%	Current Period (31.12.2022)	Prior Period (31.12.2021)	Current Period (31.12.2022)	Prior Period (31.12.2021)
USD	10	2.578	1.734	287.469	176.876
EURO	10	23.063	3.518	229.241	117.784
Other	10	128	112	-	-

(*) Indicates the values before tax.

	Increase in Exchange Rates	Effect on Profit/Loss (*)		Effect on Shareholders' Equity	
	%	Current Period (31.12.2022)	Prior Period (31.12.2021)	Current Period (31.12.2022)	Prior Period (31.12.2021)
USD	10	(2.578)	(1.734)	(287.469)	(176.876)
EURO	10	(23.063)	(3.518)	(229.241)	(117.784)
Other	10	(128)	(112)	-	-

(*) Indicates the values before tax.

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SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

IV. Explanations on Consolidated Interest Rate Risk:

The interest rate risk indicates the probability of loss that the Parent Bank may incur due to the position of the financial instruments due to movements in the interest rates. Changes in interest rates affect the return on the assets and the cost of the liabilities. Interest rate risk arising from banking accounts, includes re-pricing risk, yield curve risk, base risk and option risk.

The interest rates determined by the market actors, especially the central banks, have a decisive role on the economic value of the Parent Bank's balance sheet and on the Parent Bank's income-loss balance. Sudden interest shocks in the market because the Parent Bank to open the gap between the applied interest rate of the revenue generating assets and the interest paid on the liabilities. The opening of this gap may cause the Parent Bank interest income to be adversely affected by fluctuations in market interest rates and may cause decrease in profitability of the Parent Bank.

The Parent Bank's basic principle in the interest rate risk management policy is to avoid mismatch and provide alignment between loans disbursed with fixed and floating rate and funds provided with fixed and floating rate. Accordingly, interest rate, currency and maturity alignment are respected during the disbursement of loans funded by foreign long-term borrowings, which form the material part of the loan portfolio. Almost the entire loan portfolio is financed by floating rate borrowings, thus interest rate risk from changes in interest rates seems not probable for the loan portfolio because of the correlation provided between the sources and the uses and other loans in the portfolio are financed by the equity of the Bank.

Within the framework of the Parent Bank's basic principle of interest rate risk policy, optimization of portfolio distribution in the management of interest-sensitive assets other than loans is provided by considering possible changes in duration of positions and current interest rate limits; by taking into account alternative return, limits of tolerable loss and risk. In this context, to measure the interest rate risk exposure of the Parent 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 Parent Bank. For this reason, the Parent 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 Parent 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 Parent 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 Parent 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 Parent 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.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

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SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

IV. Explanations on Consolidated Interest Rate Risk (Continued):

Based on the statutory 20% rate of "The Ratio of Interest Rate Risk Due to Banking Book" determined by the BRSA to the measurement and evaluation of the interest rate risk by using standard shock method, arising from the on-balance sheet and off-balance sheet positions in the banking book within the scope of the interest rate limits of the Parent Bank, is determined with a more conservative approach.

Interest rate sensitivity of assets, liabilities and off-balance sheet items (based on days to repricing dates):

End of the Current Period (31.12.2022)	Up to 1 Month	1–3 Months	3–12 Months	1–5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey ⁽¹⁾	-	-	-	-	-	835	835
Banks ⁽¹⁾	8.675.865	-	-	-	-	68.764	8.744.629
Financial assets measured at fair value through profit and loss	-	-	-	-	-	289.829	289.829
Money market placements	6.629.640	-	-	-	-	-	6.629.640
Financial assets measured at fair value through other comprehensive income ⁽³⁾	1.745.918	2.017.235	2.370.608	2.488.099	7.909	17.174	8.646.943
Loans ⁽²⁾	22.810.273	10.780.057	7.004.373	5.959.813	12.351.587	326.555	59.232.658
Financial assets measured at amortised cost	15.774	67.843	647.218	4.622.130	2.310.595	-	7.663.560
Other assets ⁽⁴⁾	31.094	-	-	-	-	460.608	491.702
Total Assets ⁽⁵⁾	39.908.564	12.865.135	10.022.199	13.070.042	14.670.091	1.163.765	91.699.796
Liabilities							
Interbank deposits	-	-	-	-	-	-	-
Other deposits	-	-	-	-	-	-	-
Money market borrowings	2.945.163	-	-	-	-	-	2.945.163
Sundry creditors	-	-	-	-	-	335.061	335.061
Marketable securities issued	103.023	-	2.018.433	-	-	-	2.121.456
Funds provided from other financial institutions	8.095.295	17.337.135	23.790.791	6.646.375	12.837.325	-	68.706.921
Other liabilities ⁽⁴⁾	245.608	-	-	3.528.830	2.301.046	11.515.711	17.591.195
Total Liabilities	11.389.089	17.337.135	25.809.224	10.175.205	15.138.371	11.850.772	91.699.796
Long position on balance sheet	28.519.475	-	-	2.894.837	-	-	31.414.312
Short position on balance sheet	-	(4.472.000)	(15.787.025)	-	(468.280)	(10.687.007)	(31.414.312)
Long position on off-balance sheet	8.811	167	2.215	-	-	-	11.193
Short position on off-balance sheet	-	-	-	-	-	-	-
Total Position	28.528.286	(4.471.833)	(15.784.810)	2.894.837	(468.280)	(10.687.007)	11.193

⁽¹⁾ Balances without maturity are shown in “Non-interest Bearing” column.
⁽²⁾ Net balance of non-performing loans is shown in “Non-interest Bearing” column.
⁽³⁾ Securities representing a share in capital are shown in “Non-interest Bearing” column.
⁽⁴⁾ Deferred tax asset, shareholders’ equity and other non-interest-bearing assets and liabilities are shown in “Non-Interest Bearing” column.
⁽⁵⁾ The expected credit losses for financial assets and other assets are reflected to the related items.



TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

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SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

IV. Explanations on Consolidated Interest Rate Risk (Continued):

Interest rate sensitivity of assets, liabilities and off-balance sheet items (based on days to repricing dates):

End of the Prior Period (31.12.2021)	Up to 1 Month	1–3 Months	3–12 Months	1–5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey ⁽¹⁾	-	-	-	-	-	2.051	2.051
Banks ⁽¹⁾	3.240.649	-	-	-	-	32.453	3.273.102
Financial assets measured at fair value through profit and loss	-	-	-	-	-	220.867	220.867
Money market placements	992.465	-	-	-	-	-	992.465
Financial assets measured at fair value through other comprehensive income ⁽³⁾	32.122	460.897	1.520.530	1.825.716	76.956	16.478	3.932.699
Loans ⁽²⁾	15.880.496	5.400.291	4.561.834	4.364.753	6.160.752	326.711	36.694.837
Financial assets measured at amortised cost	-	-	-	2.935.638	75.399	-	3.011.037
Other assets ⁽⁴⁾	365	-	-	-	-	251.307	251.672
Total Assets ⁽⁵⁾	20.146.097	5.861.188	6.082.364	9.126.107	6.313.107	849.867	48.378.730
Liabilities							
Interbank deposits	-	-	-	-	-	-	-
Other deposits	-	-	-	-	-	-	-
Money market borrowings	629.707	-	-	-	-	-	629.707
Sundry creditors	-	-	-	-	-	210.813	210.813
Marketable securities issued	51.882	-	-	-	-	-	51.882
Funds provided from other financial institutions	5.673.240	8.665.090	9.775.573	7.660.137	6.902.490	-	38.676.530
Other liabilities ⁽⁴⁾	516.400	-	-	-	-	8.293.398	8.809.798
Total Liabilities	6.871.229	8.665.090	9.775.573	7.660.137	6.902.490	8.504.211	48.378.730
Long position on balance sheet	13.274.868	-	-	1.465.970	-	-	14.740.838
Short position on balance sheet	-	(2.803.902)	(3.693.209)	-	(589.383)	(7.654.344)	(14.740.838)
Long position on off-balance sheet	-	-	-	-	-	-	-
Short position on off-balance sheet	-	-	-	-	-	-	-
Total Position	13.274.868	(2.803.902)	(3.693.209)	1.465.970	(589.383)	(7.654.344)	-

⁽¹⁾ Balances without maturity are shown in “Non-interest Bearing” column.
⁽²⁾ Net balance of non-performing loans is shown in “Non-interest Bearing” column.
⁽³⁾ Securities representing share in capital are shown in “Non-interest Bearing” column.
⁽⁴⁾ Deferred tax assets, shareholders’ equity, subordinated debt instruments and other non-interest-bearing assets and liabilities are shown in “Non-Interest Bearing” column.
⁽⁵⁾ The expected credit losses for financial assets and other assets are reflected to the related items.



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SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

IV. Explanations on Consolidated Interest Rate Risk (Continued):

Average interest rates applied to monetary financial instruments (%):

End of the Current Period (31.12.2022)	EURO	USD	JPY	TRY
Assets (*)				
Cash (Cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	-	-	-	-
Banks	3,41	4,58		25,94
Financial assets measured at fair value through profit and loss	-	-	-	-
Money market placements	-	-	-	14,26
Financial assets measured at fair value through other comprehensive income	3,77	6,31		24,16
Loans	5,20	7,41	-	11,34
Other financial assets measured at amortised cost(**)	5,11			49,34
Liabilities (*)				
Interbank deposits	-	-	-	-
Other deposits	-	-	-	-
Money market borrowings	-	-	-	10,10
Sundry creditors	-	-	-	-
Marketable securities issued	5,13	-	-	-
Funds accepted by development and investment banks	1,74	3,48	-	14,88
Funds provided from other financial institutions(***)	2,76	5,15	-	17,95

(*) Ratios shown in the table are calculated by using annual interest rates.

(**) The majority of the TL portfolio consists of CPI indexed securities.

(***) Funds from other financial institutions also include subordinated loans.

End of the Prior Period (31.12.2021)	EURO	USD	JPY	TRY
Assets (*)				
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	-	-	-	-
Banks	1,03	0,10		20,61
Financial assets measured at fair value through profit and loss	-	-	-	-
Money market placements	-	-	-	14,50
Financial assets measured at fair value through other comprehensive income	3,02	3,27	-	18,63
Loans	3,17	4,20	-	15,30
Other financial assets measured at amortised cost	5,10	-	-	18,65
Liabilities (*)				
Interbank deposits	-	-	-	-
Other deposits	-	-	-	-
Money market borrowings	-	-	-	14,54
Sundry creditors	-	-	-	-
Marketable securities issued	-	-	-	-
Funds accepted by development and investment banks	-	0,16	-	11,00
Funds provided from other financial institutions	1,37	2,09	-	13,76

(*) Ratios shown in the table are calculated by using annual interest rates.

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SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

V. Explanations on Consolidated Position Risk of Equity Securities:

None.

VI. Explanations on Consolidated Liquidity Risk Management and Liquidity Coverage Ratio:

1. Consolidated Liquidity Risk Management

The Parent Bank’s liquidity management is managed by Treasury Department in coordination with related departments and the strategies constituted by Asset Liability Committee as part of “Risk Management Strategies, Policies and Application Principles” that is approved by the Board of Directors. The liquidity risk management as per the implementation principles are stated as follows:

Liquidity risk refers to the probability that the Parent Bank will incur the consequential loss that it cannot anticipate or face unforeseeable, all cash flow requirements without affecting the day-to-day operations or financial structure.

Liquidity risk also represents the possibility of loss due to the Parent Bank’s inability of settling with market prices since the lack of depth and excessive fluctuations in the market.

The main policy of Liquidity Risk Management in the Parent Bank is to provide quality asset structure in which any liabilities can be fulfilled. Since the Parent Bank is specialized, its liquidity need is more predictable as compared to commercial banks and ensures cash flows provided for its liabilities more regularly.

The type, maturity structure and compliance of interest rates with assets and liabilities in the balance sheet, is assured within the framework of the Asset Liability Management Committee’s decisions. The Parent Bank keeps liquidity ratios within risk limits as set out in legal legislation and follows regularly.

In order to manage liquidity risk, proforma cash flows are set on the basis of predictable data by evaluating the maturities of asset and liability structure. Proper placement of liquidity excess considering alternative gains and meeting liquidity needs with the most appropriate cost of funding is essential.

Additionally, monthly proforma cash flows and balance sheet durations regarding the fulfilment level of medium- and long-term liabilities are traced in order to determine early factors that generate risk.

Mainly for risk measurement and monitoring activities to determine the level of liquidity risk;

The liquidity risk of the Parent Bank is calculated by using “Liquidity Analysis Forms” in accordance with the format determined by the BRSA and reported to the BRSA on a weekly and daily basis.

Limits on liquidity risk are determined under; the legal limitations set out by the BRSA and the “Liquidity Emergency Plan Directive of the Bank”. The Parent Bank’s “Liquidity Emergency Plan Directive” came into force with the decision of the Board of Directors dated 21 December 2022 and numbered 2022-20-11/287. Situations that require the implementation of the Liquidity Emergency Plan are followed by indicators derived from bank-specific (internal) and financial market developments. The Liquidity Emergency Plan includes actions to ensure that the Parent Bank fulfills its obligations at its current level and to maintain liquidity at the level required by the Bank or to achieve liquidity at acceptable costs and to provide the necessary liquidity with the objective of protecting the Parent Bank's reputation.

In the liquidity risk management of the Parent Bank, the limitations within the scope of the relevant regulations of the BRSA and the internal risk limits determined within the framework of the Parent Bank 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.



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SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VI. Explanations on Consolidated Liquidity Risk Management and Liquidity Coverage Ratio:

1. Consolidated Liquidity Risk Management (Continued):

First limitation on legal requirements set by the BRSA is; as per the regulation on “Calculation of Liquidity Coverage Ratio”, minimum limits of 100% and 80% are assigned on consolidated and unconsolidated basis respectively for total and foreign currency limits. On the other hand investment and development banks are exempt from those limitations until BRSA has determined otherwise.

The Bank's internal reporting within the scope of liquidity risk management consists of daily, weekly and monthly reports. Daily balance sheets and duration calculations are followed in daily basis report. On weekly reports, liquidity limits are monitored. Weekly realized liquidity limits determined by Board of Directors is aggregated in monthly risk limits monitoring report. Those reports investigate legal risks and adaption of early warning limits. Also, to monitor liquidity risk in “TKB Riskiness Analysis According to Selected Indicators and Risk Groups” report prepared monthly includes;

- Proforma Cash Flows Statement,
- Proforma Currency Balance Sheet,
- Duration of Balance Sheet Items, -in detail- Marketable Securities (by class of financial instruments),
- Summary of liquidity forms sent to BRSA

With proforma cash flows statement, amount of future liquid assets are shown in different scenarios for one-year period.

Related report is presented to the Board of Directors; the Audit Committee and senior management on a monthly basis. By taking into consideration these reports, the Asset Liability Committee and Audit Committee evaluate the liquidity position of the Parent Bank, and results of liquidity measurement system are included in the decision-making process.

Regarding the liquidity risk, as well as legal limits, internal limits have been determined in accordance with its own internal procedures, mission and risk appetite, as included in the Parent Bank's Risk Appetite Structure, Risk Limits and Implementation Principles. These limits have been determined by the Board of Directors in excess of legal limits, including early warning limits, and are revised annually.

2. Consolidated liquidity coverage ratio

The Bank's liquidity coverage ratios are prepared weekly in accordance with the “Regulation on Calculation of the Liquidity Coverage Ratio of Banks” published in the Official Gazette dated 21 March 2014 and numbered 28948 and reported to the BRSA. Including the reporting period for the last 3 months minimum and maximum levels of consolidated foreign currency and total liquidity coverage ratios are shown below by specified weeks:

	Liquidity Coverage Ratio (Weekly Consolidated)							
	Current Period (31.12.2022)				Prior Period (31.12.2021)			
	FC	Date	FC+TL	Date	FC	Date	FC+TL	Date
Maximum (%)	95,22	04.11.2022	152,76	18.11.2022	96,26	29.10.2021	212,24	26.11.2021
Minimum (%)	53,44	01.10.2022	91,69	14.10.2022	47,15	24.12.2021	167,82	24.12.2021



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SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VI. Explanations on Consolidated Liquidity Risk Management and Liquidity Coverage Ratio:

2. Consolidated liquidity coverage ratio (Continued):

	Total Unweighted Value (Average) ^(*)		Total Weighted Value (Average) ^(*)	
	TL+FC	FC	TL+FC	FC
Current Period (31.12.2022)				
HIGH-QUALITY LIQUID ASSETS			7.427.820	1.824.584
Total high-quality liquid assets (HQLA)	-	-	7.427.820	1.824.584
CASH OUTFLOWS				
Retail and small business customers deposits	-	-	-	-
Stable deposits	-	-	-	-
Less stable deposits	-	-	-	-
Unsecured funding other than retail and small business customers deposits	1.438.961	961.280	1.114.019	692.226
Operational deposits	-	-	-	-
Non-operational deposits	-	-	-	-
Other unsecured funding	1.438.961	961.280	1.114.019	692.226
Secured funding			-	-
Other cash outflows	13.096.231	5.804.198	13.096.231	5.804.198
Liquidity needs related to derivatives and market valuation changes on derivatives transactions	13.096.231	5.804.198	13.096.231	5.804.198
Debts related to structured financial products	-	-	-	-
Payment commitments related to debts to financial markets and other off-balance sheet liabilities	-	-	-	-
Commitments that are unconditionally revocable at any time and other contractual commitments	10.549.522	8.314.445	527.476	415.722
Other irrevocable or conditionally revocable commitments	-	-	-	-
TOTAL CASH OUTFLOWS			14.737.726	6.912.146
CASH INFLOWS				
Secured receivables	-	-	-	-
Unsecured receivables	11.478.471	1.932.501	14.580.737	1.618.503
Other cash inflows	13.110.272	8.319.064	13.110.272	8.319.064
TOTAL CASH INFLOWS	24.588.743	10.251.565	27.691.009	9.937.567
			Total Adjusted Value	
TOTAL HIGH-QUALITY LIQUID ASSETS			7.427.820	1.824.584
TOTAL NET CASH OUTFLOWS			6.214.349	2.309.299
LIQUIDITY COVERAGE RATIO (%)			119,53	79,01

(*) The average of last three months' liquidity coverage ratios calculated by weekly simple averages.



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SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VI. Explanations on Consolidated Liquidity Risk Management and Liquidity Coverage Ratio (Continued):

2. Consolidated liquidity coverage ratio (Continued):

	Total Unweighted Value (Average) ^(*)		Total Weighted Value (Average) ^(*)	
Prior Period (31.12.2021)	TL+FC	FC	TL+FC	FC
HIGH-QUALITY LIQUID ASSETS			1.869.802	839.414
Total high-quality liquid assets (HQLA)	-	-	1.869.802	839.414
CASH OUTFLOWS				
Retail and small business customers deposits	-	-	-	-
Stable deposits	-	-	-	-
Less stable deposits	-	-	-	-
Unsecured funding other than retail and small business customers deposits	670.193	506.562	478.109	341.697
Operational deposits	-	-	-	-
Non-operational deposits	-	-	-	-
Other unsecured funding	670.193	506.562	478.109	341.697
Secured funding			-	-
Other cash outflows	1.771.629	1.704.549	1.771.629	1.704.549
Liquidity needs related to derivatives and market valuation changes on derivatives transactions	1.771.629	1.704.549	1.771.629	1.704.549
Debts related to structured financial products	-	-	-	-
Payment commitments related to debts to financial markets and other off-balance sheet liabilities	-	-	-	-
Commitments that are unconditionally revocable at any time and other contractual commitments	7.937.803	3.210.256	396.890	160.513
Other irrevocable or conditionally revocable commitments	-	-	-	-
TOTAL CASH OUTFLOWS			2.646.628	2.206.759
CASH INFLOWS				
Secured receivables	-	-	-	-
Unsecured receivables	4.078.383	2.102.203	4.174.950	1.991.297
Other cash inflows	1.702.598	266.129	1.702.598	266.129
TOTAL CASH INFLOWS	5.780.981	2.368.332	5.877.548	2.257.426
			Total Adjusted Value	
TOTAL HIGH-QUALITY LIQUID ASSETS			1.869.802	839.414
TOTAL NET CASH OUTFLOWS			1.191.304	1.201.486
LIQUIDITY COVERAGE RATIO (%)			156,95	69,86

(*) The average of last three months' liquidity coverage ratios calculated by weekly simple averages.

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SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VI. Explanations on Consolidated Liquidity Risk Management and Liquidity Coverage Ratio (Continued):

3. Explanations related to consolidated liquidity coverage ratio

Significant factors that impact the result of consolidated liquidity coverage ratio and change of the items in time that are taken into account in calculation of this ratio

The significant factors that impact liquidity coverage ratio are net cash outflows and high-quality assets stock. Items taken into consideration in the calculation of the ratio may be changed in time because of economic structure and decisions of the Bank’s fund management.

The explanation about elements of the high-quality liquid assets

High quality liquid assets mostly consist of domestic government bonds and eurobonds.

Content of funds and their composition

The main funding source of the Parent Bank is loans attained from domestic and international financial institutions. The share of these resources in all funds is approximately 75,6%. 10% of the Parent Bank’s total funding consists of funds, 8,3% consists of subordinated debt instruments, 3,5% is provided from money markets and 2,5% consists of securities issued.

Cash outflows generating from derivative transactions and information about which transactions are subject to collateral margin

The Parent Bank's derivative transactions are predominantly currency swap purchase-sale transactions. Income and expense figures related to derivative transactions made within the year are accounted in profit / loss from derivative financial transactions. There are no transactions that are likely to complete collateral.

Counterparty and product-based funding sources and concentration limits on collateral

The fund sources of the Parent Bank, whose field of activity is development banking, are generally international development banks and financial institutions; there is no concentration limit on the other party and product basis.

The operational and legal factors that hinder consolidated liquidity transfer which is needed by the bank itself, its foreign branch and its consolidated subsidiary, and respective liquidity risk.

There is no risk in this context.



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SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VI. Explanations on Consolidated Liquidity Risk Management and Liquidity Coverage Ratio (Continued):

4. Maturity analysis of assets and liabilities according to remaining maturities:

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed ⁽¹⁾	Total
Current Period (31.12.2022)								
Assets								
Cash (Cash on hand, Money in Transit, Purchased Cheques and Balances with Central Bank)	835	-	-	-	-	-	-	835
Banks	68.764	8.675.865	-	-	-	-	-	8.744.629
Financial Assets Measured at Fair Value through Profit/Loss	289.829	-	-	-	-	-	-	289.829
Money Market Placements	-	6.629.640	-	-	-	-	-	6.629.640
Financial Assets Measured at Fair Value Through Other Comprehensive Income	17.174	1.575.334	1.994.551	2.434.946	2.445.298	179.640	-	8.646.943
Loans	-	527.423	1.920.101	15.830.134	28.212.887	12.415.558	326.555	59.232.658
Financial Assets Measured at Amortised Cost	-	16.155	227.887	660.921	4.448.602	2.309.995	-	7.663.560
Other Assets	-	31.094	-	-	-	-	460.608	491.702
Total Assets ⁽²⁾	376.602	17.455.511	4.142.539	18.926.001	35.106.787	14.905.193	787.163	91.699.796
Liabilities								
Bank Deposits	-	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-	-
Funds provided from other financial institutions	-	5.711.508	812.497	12.022.247	25.555.812	24.604.857	-	68.706.921
Money Markets Borrowings	-	2.945.163	-	-	-	-	-	2.945.163
Securities Issued	-	-	-	103.023	525.205	1.493.228	-	2.121.456
Miscellaneous Payables	335.061	-	-	-	-	-	-	335.061
Other Liabilities	2.806.038	272.035	260.196	-	3.528.830	3.418.506	7.305.590	17.591.195
Total Liabilities	3.141.099	8.928.706	1.072.693	12.125.270	29.609.847	29.516.591	7.305.590	91.699.796
Liquidity Gap	(2.764.497)	8.526.805	3.069.846	6.800.731	5.496.940	(14.611.398)	(6.518.427)	-
Net Off-Balance Position	-	8.811	167	2.215	-	-	-	11.193
Derivative Financial Assets	-	12.412.300	169.078	58.345	-	-	-	12.639.723
Derivative Financial Liabilities	-	12.403.489	168.911	56.130	-	-	-	12.628.530
Non-Cash Loans	72.364	-	-	118.753	68.919	2.781.425	-	3.041.461
Prior Period (31.12.2021)								
Total Assets	271.848	4.691.932	1.504.991	5.888.503	27.374.214	8.069.223	578.019	48.378.730
Total Liabilities	457.612	2.849.354	698.380	3.000.160	19.233.107	14.014.139	8.125.978	48.378.730
Liquidity Gap	(185.764)	1.842.578	806.611	2.888.343	8.141.107	(5.944.916)	(7.547.959)	-
Net Off-Balance Position	-	(25.425)	-	-	-	-	-	(25.425)
Derivative Financial Assets	-	1.264.432	-	-	-	-	-	1.264.432
Derivative Financial Liabilities	-	1.289.857	-	-	-	-	-	1.289.857
Non-Cash Loans	53.119	54.972	-	53	-	2.197.703	-	2.305.847

⁽¹⁾ Assets such as fixed assets, associates, subsidiaries, inventory, prepaid expenses, net non-performing receivables and other asset accounts that would not be converted to cash in a short time period and needed to be used in the banking activities; liabilities and equity accounts, such as the accounts with no maturities and provisions, are shown in the undistributed column. Deferred tax asset is included in the undistributed column.

⁽²⁾ The expected credit losses for financial assets and other assets are reflected in the related items.



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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VI. Explanations on Consolidated Liquidity Risk Management and Liquidity Coverage Ratio (Continued):

Remaining maturity of contractual financial liabilities:

In compliance with the TFRS 7, the following table indicates the maturities of the Group’s major non-derivative financial liabilities. The following tables have been prepared by referencing the earliest dates of payments without discounting the liabilities. The interest to be paid to the related liabilities is included in the following table. Adjustments column shows the items that may cause possible cash flows in the following periods. The balances of the related liabilities in balance sheet do not include these amounts.

Current Period (31.12.2022)	Book Value	Principal Nominal Output	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over
Liabilities							
Funds provided from other financial institutions	70.828.377	83.584.116	647.044	1.373.229	14.243.937	33.624.196	33.695.710
Money market borrowings	2.945.163	2.945.163	2.945.163	-	-	-	-
Total	71.652.084	86.529.279	3.592.207	1.373.229	14.243.937	33.624.196	33.695.710

Prior Period (31.12.2021)	Book Value	Principal Nominal Output	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over
Liabilities							
Funds provided from other financial institutions	38.728.412	42.564.954	1.187.623	754.303	3.581.284	21.584.693	15.457.051
Money market borrowings	629.707	629.707	629.707	-	-	-	-
Total	39.358.119	43.194.661	1.817.330	754.303	3.581.284	21.584.693	15.457.051

The following table shows non-cash loans according to remaining maturities.

Current Period (31.12.2022)	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Letters of Credit	-	-	-	118.700	-	-	118.700
Endorsements	-	-	-	-	-	-	-
Letters of Guarantee	72.364	-	-	53	68.919	2.339.860	2.481.196
Acceptances	-	-	-	-	-	-	-
Other	-	-	-	-	-	441.565	441.565
Total	72.364	-	-	118.753	68.919	2.781.425	3.041.461

Prior Period (31.12.2021)	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Letters of Credit	-	54.972	-	-	-	-	54.972
Endorsements	-	-	-	-	-	-	-
Letters of Guarantee	53.119	-	-	53	-	1.869.236	1.922.408
Acceptances	-	-	-	-	-	-	-
Other	-	-	-	-	-	328.467	328.467
Total	53.119	54.972	-	53	-	2.197.703	2.305.847



TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

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SECTION FOUR (Continued)

CONSOLIDATED INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VII. Explanation on Consolidated Leverage Ratio:

In the current period, the rate of increase in Tier 1 capital was higher than the rate of increase in total risk amount. As of 31 December 2022, the Group’s leverage ratio calculated from the average of three months is 11,18% (31 December 2021: 11,77%). The reason why the leverage ratio of the current period is higher than the leverage ratio of the previous period is that the amount of Tier 1 capital has increased at a higher rate than the total risk amount related to on-balance sheet assets.

Summary comparison table of total asset amount and total risk amount in consolidated financial statements prepared in accordance with TAS:

		Current Period ^{(1),(2)} (31.12.2022)	Prior Period ^{(1),(3)} (31.12.2021)
1			
2	The total amount of assets included in the consolidated financial statements issued in accordance with TAS	87.928.741	43.460.959
3	The amount of assets included in the consolidated financial statements prepared in accordance with TAS and the consolidated financial statements regulated within the scope of the Communiqué on Preparation of Consolidated Financial Statements the difference between the amount of assets in the tables	1.774.772	(127.658)
4	The difference between the amounts of derivative financial instruments and credit derivatives in the consolidated financial statements issued within the scope of the Communiqué on Preparation of Consolidated Financial Statements of Banks and their risk exposures.	993.478	7.606.402
5	Securities or commodity financing transactions in the Consolidated Financial Statements of Banks		
6	The difference between the amounts in the consolidated financial statements issued within the scope of the Communiqué on Issuing and the risk amounts	(2.912.289)	(366.459)
7	Communiqué on Preparation of Consolidated Financial Statements of Off-Balance Sheet Transactions		
8	The difference between the amounts in the consolidated financial statements and the risk exposures within the scope of	(9.736.392)	(6.390.186)
9	Regulated within the scope of the Communiqué on Preparation of Consolidated Financial Statements of Banks		
10	Other differences between the amount in the consolidated financial statements and the amount of risk	86.623.730	40.234.115
11	Total risk amount	94.441.311	53.864.244

- (1) The amounts in the table show the averages of the last three months of the relevant period.
(2) The current period amount of the consolidated financial statements prepared in accordance with the 6th paragraph of the 5th article of the Communiqué on the Preparation of the Consolidated Financial Statements of the Banks has been prepared by using the independently audited financial statements of non-financial corporations dated 30 June 2022.
(3) The previous period amount of the consolidated financial statements prepared in accordance with the 6th paragraph of the 5th article of the Communiqué on the Preparation of the Consolidated Financial Statements of the Banks has been prepared by using the reviewed financial statements of the non-financial corporations dated 31 December 2021.

On-balance sheet assets (*)	Current Period (31.12.2022)	Prior Period (31.12.2021)
Balance sheet assets (Excluding derivative financial instruments and credit derivatives, including collaterals)	86.593.707	43.798.383
(Assets deducted in determining Tier 1 capital)	-	-
Total balance sheet exposures	86.593.707	43.798.383
Derivative financial instruments and loan derivatives		
Replacement cost of derivative financial instruments and loan derivatives	-	-
Potential loan risk of derivative financial instruments and loan derivatives	993.478	7.606.402
Total derivative financial instruments and loan derivatives exposure	993.478	7.606.402
Securities financing transaction exposure		
Risk amount of financing transactions secured by marketable security or commodity (excluding on-balance sheet)	2.297.347	38.245
Risks from brokerage activities related exposures	-	-
Total risk amount of financing transactions secured by marketable security or commodity	2.297.347	38.245
Off-balance sheet items		
Gross notional amounts of off-balance sheet items	14.293.171	8.811.400
(Adjustments for conversion to credit equivalent amounts)	(9.736.392)	(6.390.186)
Total risks of off-balance sheet items	4.556.779	2.421.214
Capital and total risks		
Tier 1 capital	10.560.222	6.224.226
Total risks	94.441.311	53.864.244
Leverage ratio		
Leverage ratio	11,18	11,77

(*) Calculated by taking the average of the last three months financial statements’ data.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

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(Thousands of Turkish Lira (TL) unless otherwise stated)

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.

	Book Value (*)		Fair Value	
	Current Period (31.12.2022)	Prior Period (31.12.2021)	Current Period (31.12.2022)	Prior Period (31.12.2021)
Financial Assets	92.334.750	48.921.134	92.748.206	49.099.846
Money markets placements	6.634.417	993.282	6.634.417	993.282
Banks	8.758.005	3.278.675	8.757.978	3.278.675
Financial assets measured at fair value through profit and loss	289.829	220.867	289.829	220.867
Financial assets measured at fair value through other comprehensive income	8.646.943	3.932.699	8.646.943	3.932.699
Financial assets measured at amortised cost	7.665.261	3.012.392	7.863.245	3.029.885
Loans	60.340.295	37.483.219	60.555.794	37.644.438
Financial Liabilities	78.110.774	42.290.082	77.736.285	44.801.615
Interbank deposits	-	-	-	-
Other deposits	-	-	-	-
Funds provided from other financial institutions	68.706.921	38.728.412	69.027.374	41.239.945
Subordinated debt instruments	6.947.336	3.350.857	6.355.504	3.350.857
Securities issued	2.121.456	-	2.018.346	-
Sundry creditors	335.061	210.813	335.061	210.813

(*) The book values of financial assets and liabilities in the table are calculated by adding accrual amounts at the end of the period.

Methods and estimations used for the fair value determination of financial instruments which are not presented with their fair values in the financial statements:

- i- For the fair value determination of loans, interest rates as of balance sheet date are considered.
- ii- For the fair value determination of banks, interest rates as of balance sheet date are considered.
- iii- In order to calculate the fair value of other financial assets measured at amortized cost, the stock market value as of the balance sheet date has been used.
- iv- For the fair value determination of the funds provided from other financial institutions, subordinated debt instruments and securities issued, alternative resource interest rates are considered.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements As of 31 December 2022

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VIII. Explanations on the Presentation of Financial Assets and Liabilities at Fair Values (Continued):

Information on fair value measurements recognized in the financial statements:

TFRS 7 “Financial Instruments: Disclosures” standard requires the items, which are recognized in the balance sheet at their fair values to be shown in the notes by being classified. According to this standard, the related financial instruments are classified into three levels in such a way that they will express the significance of the data used in fair value measurements. At the first level, there are financial instruments, whose fair values are determined according to quoted prices in active markets for identical assets or liabilities, at the second level, there are financial instruments, whose fair values are determined by directly or indirectly observable market data, and at the third level, there are financial instruments, whose fair values are determined by the data, which are not based on observable market data. The financial assets, which are recognized in the balance sheet at their values, are shown below as classified according to the aforementioned principles.

Current Period (31.12.2022)	Level 1	Level 2	Level 3
Financial Assets at Fair Value Through Profit and Loss	-	-	289.829
Debt securities	-	-	-
Share certificates	-	-	289.829
Other	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	8.629.769	-	3.614
Debt securities	8.629.769	-	-
Share certificates ⁽¹⁾	-	-	3.614
Other	-	-	-
Derivative Financial Assets	-	31.094	-
Investment in Associates and Subsidiaries⁽¹⁾	-	-	-
Derivative Financial Liabilities	-	11.157	-

⁽¹⁾ Since the unlisted share certificates and investments in associates and subsidiaries are recognized at acquisition cost, these companies are not included in the table.

Prior Period (31.12.2021)	Level 1	Level 2	Level 3
Financial Assets at Fair Value Through Profit and Loss	-	-	220.867
Debt securities	-	-	-
Share certificates	-	-	213.743
Other	-	-	7.124
Financial Assets at Fair Value Through Other Comprehensive Income	3.916.222	-	2.786
Debt securities	3.916.222	-	-
Share certificates ⁽¹⁾	-	-	2.786
Other	-	-	-
Derivative Financial Assets	-	365	-
Investment in Associates and Subsidiaries⁽¹⁾	-	-	-
Derivative Financial Liabilities	-	26.693	-

⁽¹⁾ Since the unlisted share certificates and investments in associates and subsidiaries are recognized at acquisition cost, these companies are not included in the table.

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VIII. Explanations on the Presentation of Financial Assets and Liabilities at Fair Values (Continued):

The table below shows the movement table of level 3 financial assets.

Level 3 Movement Table	Current Period (31.12.2022)	Prior Period (31.12.2021)
Balance at the Beginning of the Period	223.653	122.511
Purchases During the Period	139.036	12.577
Disposals Through Sale/Redemptions	(98.411)	(28.780)
Valuation Effect	29.165	117.345
Transfers	-	-
Balance at the End of the Period	293.443	223.653

IX. Explanations on the Transactions Made on Behalf of Others and Items Held in Trust:

The Parent Bank provides security buying, selling and custody services on behalf and account of others. The Parent Bank also acts as an intermediary in the execution of tourism and infrastructure investments on behalf of the Republic of Turkey Ministry of Culture and Tourism, and no new resources have been transferred in this context recently.

There are no transactions based on faith by the Parent Bank.

X. Explanations on Consolidated Risk Management:

1. General information on consolidated risk management and risk weighted amounts:

The Parent Bank’s risk management approach:

It should be emphasized firstly that the Parent Bank is actively using committees and risk budgeting in decision-making mechanisms and risk management processes while assessing risk management performance in addition to the functional and financial performance, which has operational mechanisms based on a wide range of activities. Within the framework of the Bank's vision, mission, strategic objectives and targets set by the Board of Directors and risk management policies and strategies; the Asset and Liability Management Committee and the Credit Participation Committee constitute two main committees that play a critical role in the execution of the Parent Bank’s activities; which the Asset and Liability Management Committee ensuring that the assets and liabilities are managed effectively and efficiently by taking into consideration the current and possible economic developments and the factors such as interest, maturity and currency, and establishing coordination and communication between the Senior Management and the Bank’s units, and the Credit Participation Committee with the function of determining the principles of lending, evaluating the credit-participation risk and the situation of the investment, evaluating the reports prepared on the loan appraisal and in summary taking care of all the lending activities. Within the framework of the short-term strategies determined by the Asset and Liability Management Committee in line with the vision and strategic objectives of the Parent Bank's Strategic Plan, each of the units in the Parent 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 Parent Bank.

Risk monitoring processes constitute the main determinant of risk management policies in decision making processes in the Parent Bank. The organizational structure of the risk monitoring processes is composed of, the “Internal Control” and “Risk Monitoring” Directorates which the duties and authorities established within the Parent 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 Parent 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.

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Consolidated Risk Management (Continued):

1. General information on consolidated risk management and risk weighted amounts (Continued):

The Parent Bank’s risk management approach (Continued):

The general principle of the risk policies followed by the Parent Bank where the implementation of committees and risk budgeting actively in decision-making mechanisms and risk management processes; which was approved by Board of Directors dated 11.01.2016, 2016-01-15/015 stated in the Parent 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 Parent Bank is specializing in its activities in accordance with its vision and structure in line with this general principle, it shapes the asset composition in line with this principle and in the risk management policy it is subject to the principle of “taking risks that can be controlled and / or managed, not taking any risks other than the risks that are unavoidable and to apply this principle as much as possible. In this context, it is the basic principle to ensure that the risks to be taken are defined and manageable.

In addition, to the extent that risk measurement and reporting techniques allow, measurement of the present and future potential impacts of the risks taken is made possible and written limits for the risks arising from the operations of the Parent Bank and for the digitization are determined according to the BRSA regulations. Therefore, the risk appetite of the Parent Bank is determined and monitored by the risk limits prepared in accordance with the provisions of Article 39 titled “Risk Appetite Structure” of Internal Systems and ICAAP Regulations of Banks No. 29057 issued by the BRSA and published in the Official Gazette on 11 July 2014. “Risk Limits and Implementation Principles”, which are revised by the Risk Monitoring Department annually in accordance with the Parent Bank’s risk policies and accepted by the Board of Directors, are the main policy that determines the Parent 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 Parent 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 Parent 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 Parent 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 Parent 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.



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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Consolidated Risk Management (Continued):

1. General information on consolidated risk management and risk weighted amounts (Continued):

The Parent Bank’s risk management approach (Continued):

Stress test scenario analyzes carried out by Parent Bank within the scope of risk management activities include various techniques to measure the potential resilience of the Parent 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 Parent Bank’s capital adequacy level is evaluated by applying the BRSA and our Bank scenarios on the Bank’s 3-year Strategic Plan predictions.

The stress test scenario analyzes, which are updated quarterly for Parent Bank, are also structured in a structure parallel to ISEDES practices. Stress testing is carried out by applying two negative scenarios of the relevant year, determined by the BRSA, to the financial statements and capital adequacy ratio components of the period to be tested.

In the stress test study, shocks are given on the basis of two basic parameters (interest and exchange rate), and by each parameter and each scenario the effects of these shocks on;

- i- Balance Sheet and Income Statement
- ii- Legal Equity
- iii- Risk Weighted Assets (RWA)
- iv- Capital Adequacy Ratio (CAR)

are evaluated.

The first parameter used in the scenario analysis is the exchange rate and the other is the interest rates. Exchange rate and interest shocks are designed as base, negative and extremely negative scenarios sent by BRSA.

On the Parent 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 Parent 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 Parent Bank are evaluated.



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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Consolidated Risk Management (Continued):

1. General information on consolidated risk management and risk weighted amounts (Continued):

Footnotes and related explanations prepared in accordance with the “Communiqué on Disclosures About Risk Management to Be Announced to Public by Banks” published in the Official Gazette No. 29511 on 23 October 2015 and entered into force as of 31 March 2016 are given in this section. In accordance with the relevant communiqué, the following tables, which should be given quarterly, were not presented as of 31 December 2022, as the Parent Bank’s standard approach was used in the calculation of capital adequacy:

- RWA flow statement under IMM (Internal Model Method)
- RWA flow statements of CCR exposures under Internal Model Method (IMM)
- RWA flow statements of market risk exposures under an IMA

Overview of risk weighted amounts:

		Risk Weighted Amount		Minimum Capital Requirement
		Current Period (31.12.2022)	Prior Period (31.12.2021)	Current Period (31.12.2022)
1	Credit risk (excluding counterparty credit risk) (CCR)	74.909.081	47.686.738	5.992.726
2	Of which standardized approach (SA)	74.909.081	47.686.738	5.992.726
3	Of which internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	692.432	4.132.734	55.395
5	Of which standardized approach for counterparty credit risk (SA-CCR)	692.432	4.132.734	55.395
6	Of which internal model method (IMM)	-	-	-
7	Equity position in banking book under basic risk weighting or internal rating-based	-	-	-
8	Equity investments in funds – look-through approach	-	-	-
9	Equity investments in funds – mandate-based approach	-	-	-
10	Equity investments in funds – 1250% risk weighting approach	-	-	-
11	Settlement risk	-	-	-
12	Securitization exposures in banking book	-	-	-
13	Of which IRB ratings-based approach (RBA)	-	-	-
14	Of which IRB supervisory formula approach (SFA)	-	-	-
15	Standard Of which SA/simplified supervisory formula approach (SSFA)	-	-	-
16	Market Risk	107.525	758.350	8.602
17	Of which standardized approach (SA)	107.525	758.350	8.602
18	Of which internal model approaches (IMM)	-	-	-
19	Operational Risk	1.889.314	1.253.797	151.145
20	Of which basic indicator approach	1.889.314	1.253.797	151.145
21	Of which standardized approach	-	-	-
22	Of which advanced measurement approach	-	-	-
23	Amounts below the thresholds for deduction from capital (subject to 250% risk weight)	-	-	-
24	Floor adjustments	-	-	-
25	Total (1+4+7+8+9+10+11+12+16+19+23+24)	77.598.352	53.831.619	6.207.868



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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Consolidated Risk Management (Continued):

2. Credit risk explanations

General qualitative information on credit risk:

The Parent 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 Parent 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 Parent Bank may encounter, by moving from the Parent 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 Parent Bank’s credit risk management policy, diversification of credit portfolio is essential. Although the Parent Bank is not subject to the credit restrictions imposed on banks accepting deposits pursuant to Article 77 of the Banking Law No. 5411, the Parent 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.



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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Risk Management (Continued):

2. Credit risk explanations (Continued):

General qualitative information on credit risk:

All units, including the departments within the Scope of Internal Systems, fulfill their duties, authorities, and responsibilities within the scope of credit risk management within the framework of the Banking Law, Internal Systems Regulation, and Bank's Duties, Authorities, Responsibilities, and Organization Principles.

The senior management is responsible for the implementation of the credit risk strategy approved by the board of directors and the development of policies and procedures for the recognition, measurement, monitoring, and control of credit risk, and these policies and procedures include credit risks related to all banking activities in the Bank's portfolio.

The explanations prepared by the “Communiqué on Disclosures About Risk Management to be Announced to Public by Banks” published in the Official Gazette No. 29511 on 23 October 2015, and entered into force as of 31 March 2016, are given below.

The Parent 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 Parent Bank regarding the risk situation of the Parent 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 Parent 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 Parent 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 Parent 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 Parent 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 Parent Bank are taken into account, and risk concentration limits are determined based on sector, geographical region, country and product.

Since the Parent Bank uses a standard approach in capital adequacy calculations, explanations within the scope of the internal rating-based approach are not included.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

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(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Consolidated Risk Management (Continued):

2. Credit risk explanations (Continued):

Credit quality of assets:

Current Period (31.12.2022)		Default (a)	Not Overdue (b)	Provisions/Amortisations and Impairment (c)	Net Value (a+b-c)
		Gross carrying value as per TAS			
1	Loans	894.374	59.445.921	(1.107.637)	59.232.658
2	Debt securities	-	16.308.839	(19.972)	16.288.867
3	Off-balance sheet assets	2	3.041.459	(49.545)	2.991.916
4	Total	894.376	78.796.219	(1.177.154)	78.513.441

Prior Period (31.12.2021)		Default (a)	Not Overdue (b)	Provisions/Amortisations and Impairment (c)	Net Value (a+b-c)
		Gross carrying value as per TAS			
1	Loans	855.150	36.628.069	(788.382)	36.694.837
2	Debt securities	-	6.986.053	(61.568)	6.924.485
3	Off-balance sheet assets	2	2.305.845	(20.725)	2.285.122
4	Total	855.152	45.919.967	(870.675)	45.904.444

Changes in non-performing loans and debt securities:

Current Period (31.12.2022)

1	Defaulted loans and debt securities at the end of prior reporting period	855.150
2	Defaulted loans and debt securities from last reporting period	230.129
3	Receivables that are not defaulted	(190.905)
4	Amounts written of	-
5	Other changes	-
6	Defaulted loans and debt securities at the end of reporting period (1+2-3-4+-5)	894.374

Prior Period (31.12.2021)

1	Defaulted loans and debt securities at the end of prior reporting period	218.511
2	Defaulted loans and debt securities from last reporting period	692.567
3	Receivables that are not defaulted	(55.928)
4	Amounts written of	-
5	Other changes	-
6	Defaulted loans and debt securities at the end of reporting period (1+2-3-4+-5)	855.150



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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Consolidated Risk Management (Continued):

2. Credit risk explanations (Continued):

Additional disclosures about the credit quality of assets:

The Parent Bank evaluates its financial assets in 3 stages within the scope of TFRS 9. In this context, the Bank calculates the lifetime expected credit loss for for the loans that have defaulted (Stage 3) and loans that have not yet defaulted, but have significantly increased credit risk at the date of disbursement of the loan (Stage 2). For other financial assets within the scope of TFRS 9 (Stage 1); the Parent Bank reflects the calculation including the probability of default within 12 months after the reporting date as the expected loss reserve.

Loans and other receivables, including overdue interest, are restructured under the Provisioning Regulation by providing additional credits, if necessary, in order to provide liquidity to the borrower for the purposes of ultimately enabling collection of the receivables in the event that it is arising from temporary liquidity difficulties.

Provisional liquidity problem is considered as manageable cash inflow difficulty arising from the fact that a borrower with credit risk that is able to fulfill its obligations on time and on its terms would have been fundamentally irregular due to fluctuations in sales revenue or operating income due to unforeseen and temporary consequences.

Restructured loans are continued to be classified and followed up in the groups that they are followed up until that date. Within this period, provision continues at rates applicable to the group in which they are monitored for the related receivables.

Breakdown of non-performing loans and respective provisions by geographic regions

Current Period (31.12.2022)	Non-performing loans	Stage 3 Expected Credit Loss
Domestic	894.374	567.821
European Countries	-	-
OECD Countries	-	-
Total	894.374	567.821

Prior Period (31.12.2021)	Non-performing loans	Stage 3 Expected Credit Loss
Domestic	855.150	528.440
European Countries	-	-
OECD Countries	-	-
Total	855.150	528.440

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Consolidated Risk Management (Continued):

2. Credit risk explanations (Continued):

Information in terms of major sectors and type of counterparties

Current Period (31.12.2022)	Loans	Non-Performing Loans	Expected Credit Loss Provision	Total
Agriculture	-	-	-	-
Farming and animal breeding	-	-	-	-
Forestry	-	-	-	-
Fishery	-	-	-	-
Industry	42.973.937	850.019	1.012.119	42.811.837
Mining and quarry	-	-	-	-
Manufacturing	15.934.000	7.053	65.189	15.875.864
Electricity, gas and water	27.039.937	842.966	946.930	26.935.973
Construction	698.848	-	5.294	693.554
Service	15.258.960	43.221	87.660	15.214.521
Wholesale and retail trade	214.821	-	2.396	212.425
Hotel and food services	1.341.560	39.972	46.462	1.335.070
Transportation and communication	215.210	-	1.143	214.067
Financial institutions	12.755.856	-	28.802	12.727.054
Real estate and leasing services	253.916	-	3.405	250.511
Self-employment services	-	-	-	-
Educational services	84.540	-	261	84.279
Health and social services	393.057	3.249	5.191	391.115
Other	514.176	1.134	2.564	512.746
Total	59.445.921	894.374	1.107.637	59.232.658

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Consolidated Risk Management (Continued):

2. Credit risk explanations (Continued):

Information in terms of major sectors and type of counterparties (Continued)

Prior Period (31.12.2021)	Loans	Non-Performing Loans	Expected Credit Loss Provision	Total
Agriculture	52.051	-	1.354	50.697
Farming and animal breeding	52.051	-	1.354	50.697
Forestry	-	-	-	-
Fishery	-	-	-	-
Industry	25.869.544	791.666	675.962	25.985.248
Mining and quarry	-	-	-	-
Manufacturing	6.032.518	17.043	37.360	6.012.201
Electricity, gas and water	19.837.026	774.623	638.602	19.973.047
Construction	49.394	-	464	48.930
Service	10.593.139	62.350	109.407	10.546.082
Wholesale and retail trade	47.373	-	227	47.146
Hotel and food services	1.413.934	55.615	70.170	1.399.379
Transportation and communication	525.831	-	2.439	523.392
Financial institutions	8.126.829	-	25.054	8.101.775
Real estate and leasing services	253.133	-	4.180	248.953
Self-employment services	-	-	-	-
Educational services	97.238	-	372	96.866
Health and social services	128.801	6.735	6.965	128.571
Other	63.941	1.134	1.195	63.880
Total	36.628.069	855.150	788.382	36.694.837

Maturity analysis for non-performing loans

Current Period (31.12.2022)	Up to 3 Months	3-12 Months	1-3 Years	3-5 Years	5 Years and above
Corporate and Commercial Loans	-	-	842.966	-	50.274
Other	-	-	-	-	1.134
Total	-	-	842.966	-	51.408

Prior Period (31.12.2021)	Up to 3 Months	3-12 Months	1-3 Years	3-5 Years	5 Years and above
Corporate and Commercial Loans	656.092	-	118.531	815	78.578
Other	-	-	-	-	1.134
Total	656.092	-	118.531	815	79.712

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Consolidated Risk Management (Continued):

2. Credit risk explanations (Continued):

Breakdown of restructured receivables by whether provision has been allocated or not

	Current Period (31.12.2022)		Prior Period (31.12.2021)	
	Loan Balance	Expected Loss Provisions	Loan Balance	Expected Loss Provisions
Restructured from Performing Loans	604.972	21.569	387.610	6.534
Restructured from Non-Performing Loans	22.848	145	31.198	145
Total	627.820	21.714	418.808	6.679

Qualitative requirements to be disclosed to the public regarding credit risk mitigation techniques:

In the calculation of the amounts subject to credit risk, the Parent 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 Parent Bank does not make on-balance sheet and off-balance sheet netting within the scope of credit risk mitigation. Applications related to valuation and management of collateral are carried out in line with the Communiqué on Credit Risk Mitigation Techniques. Main guarantees taken by the Bank in the context of credit risk mitigation techniques are financial guarantees (cash) and guarantees (Turkish Treasury and banks). Monetary guarantees are evaluated with the most recent values as of the reporting date in the credit risk reduction process. In the event that a bank loan customer receives guarantees obtained from other institutions, the credit risk worthiness of the guaranteeing institution in the credit risk reduction process is taken into consideration. Risk-reducing effects of collaterals are taken into account through standard volatility adjustments in the portfolios in which the comprehensive financial guarantee method is used.

Overview of credit risk mitigation techniques:

	Current Period (31.12.2022)	Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collateral	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
1	Loans	3.014.941	57.325.354	100%	-	-	-	-
2	Debt Instruments	-	16.308.839	100%	-	-	-	-
3	Total	3.014.941	73.634.193	100%	-	-	-	-
4	Overdue	-	894.374	100%	-	-	-	-

	Prior Period (31.12.2021)	Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collateral	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
1	Loans	1.090.349	36.392.870	100%	-	-	-	-
2	Debt Instruments	-	6.986.053	100%	-	-	-	-
3	Total	1.090.349	43.378.923	100%	-	-	-	-
4	Overdue	-	855.150	100%	-	-	-	-

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Consolidated Risk Management (Continued):

2. Credit risk explanations (Continued):

Qualitative information on ratings used by the banks while calculating credit risk with standard approach :

The risk weigths of the risk categories as per the Article 6 of the “Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks” are determined pursuant to the regulations. Any external risk ratings which are determined by any international rating agency are not used.

Standard Approach - Credit risk exposure and credit risk mitigation effects:

The Parent Bank calculates the credit risk with a standard approach and do not use a rating grade.

Current Period (31.12.2022)	Exposures before CCF and CRM		Exposures post-CCF and CRM		Risk Weighted Amount and Intensity of Risk Weighted Amount	
Risk Class	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	Risk weighted amount	Intensity of risk weighted amount
Exposures to sovereigns and central banks	13.576.048	-	14.124.977	-	7.263.824	51,4%
Exposures to regional and local governments	-	-	-	-	-	-
Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-
Exposures to multilateral development banks	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-
Exposures to banks and brokerage houses	31.163.410	127.916	33.802.039	63.963	20.500.792	60,5%
Exposures to corporates	45.465.120	14.824.353	43.223.442	2.982.102	46.205.544	100,0%
Retail exposures	-	-	-	-	-	-
Exposures secured by residential property	48.384	-	48.384	-	16.935	35,0%
Exposures secured by commercial property	1.173.371	-	1.173.371	-	682.090	58,1%
Overdue items	326.553	-	326.553	-	163.277	50,0%
Exposures in high-risk categories	-	-	-	-	-	-
Collateralized securities	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	129.401	6.006	129.401	6.006	135.407	100,0%
Other exposures	439.338	-	439.338	-	437.165	99,5%
Equity share investments	-	-	-	-	-	-
Total	92.321.625	14.958.275	93.267.505	3.052.071	75.405.034	78,3%



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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Consolidated Risk Management (Continued):

2. Credit risk explanations (Continued):

Standard Approach - Credit risk exposure and credit risk mitigation effects (Continued):

Prior Period (31.12.2021)	Exposures before CCF and CRM		Exposures post-CCF and CRM		Risk Weighted Amount and Intensity of Risk Weighted Amount	
Risk Class	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	Risk weighted amount	Intensity of risk weighted amount
Exposures to sovereigns and central banks	5.702.181	-	6.348.981	-	4.569.211	72,0%
Exposures to regional and local governments	-	-	-	-	-	-
Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-
Exposures to multilateral development banks	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-
Exposures to banks and brokerage houses	13.509.532	174.514	20.751.762	9	16.861.385	81,3%
Exposures to corporates	29.919.733	5.816.743	26.910.967	2.278.352	29.189.319	100,0%
Retail exposures	-	-	-	-	-	-
Exposures secured by residential property	51.764	-	51.764	-	29.687	57,4%
Exposures secured by commercial property	879.074	-	879.074	-	482.856	54,9%
Overdue items	326.711	-	326.710	-	163.355	50,0%
Exposures in high-risk categories	-	-	-	-	-	-
Collateralized securities	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	-	-	213.743	31.856	270.109	110,0%
Other exposures	229.469	-	229.469	-	226.165	98,6%
Equity share investments	-	-	-	-	-	-
Total	50.618.464	5.991.257	55.712.470	2.310.217	51.792.087	89,3%



TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Consolidated Risk Management (Continued):

2. Credit risk explanations (Continued):

Standard Approach: Exposures by asset classes and risk weights:

The Parent Bank calculates the credit risk with the standard approach and does not use a rating score.

Current Period (31.12.2022)													
	Risk Class/Risk Weight	0%	10%	20%	25%	35%	50%	75%	100%	150%	250%	Other	Total risk amount (after CCF and CRM)
1	Exposures to sovereigns and their central banks	6.861.153	-	-	-	-	-	-	7.263.824	-	-	-	14.124.977
2	Exposures to regional and local governments	-	-	-	-	-	-	-	-	-	-	-	-
3	Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-	-	-	-	-	-	-
4	Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-
5	Exposures to international organizations	-	-	-	-	-	-	-	-	-	-	-	-
6	Exposures to banks and brokerage houses	128.516	-	15.514.730	-	-	1.403.024	-	16.693.816	-	-	125.916	33.866.002
7	Exposures to corporates	-	-	-	-	-	-	-	46.205.544	-	-	-	46.205.544
8	Retail exposures	-	-	-	-	-	-	-	-	-	-	-	-
9	Exposures secured by residential property	-	-	-	-	48.384	-	-	-	-	-	-	48.384
10	Exposures secured by commercial property	-	-	-	-	-	982.563	-	190.808	-	-	-	1.173.371
11	Past-due items	-	-	-	-	-	326.553	-	-	-	-	-	326.553
12	Exposures in high-risk categories	-	-	-	-	-	-	-	-	-	-	-	-
13	Collateralized securities	-	-	-	-	-	-	-	-	-	-	-	-
14	Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-	-
15	Exposures in the form of collective investment undertakings	-	-	-	-	-	-	-	135.407	-	-	-	135.407
16	Equity share investments	-	-	-	-	-	-	-	-	-	-	-	-
17	Other exposures	2.172	-	-	-	-	-	-	437.166	-	-	-	439.338
18	Total	6.991.841	-	15.514.730	-	48.384	2.712.140	-	70.926.565	-	-	125.916	96.319.576



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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Consolidated Risk Management (Continued):

2. Credit risk explanations (Continued):

Standard Approach: Exposures by asset classes and risk weights (Continued):

Prior Period (31.12.2021)													
	Risk Class/Risk Weight	0%	10%	20%	25%	35%	50%	75%	100%	150%	250%	Other	Total risk amount (after CCF and CRM)
1	Exposures to sovereigns and their central banks	1.779.770	-	-	-	-	-	-	4.569.211	-	-	-	6.348.981
2	Exposures to regional and local governments	-	-	-	-	-	-	-	-	-	-	-	-
3	Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-	-	-	-	-	-	-
4	Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-
5	Exposures to international organizations	-	-	-	-	-	-	-	-	-	-	-	-
6	Exposures to banks and brokerage houses	80.032	-	4.641.144	-	-	194.878	-	15.835.717	-	-	-	20.751.771
7	Exposures to corporates	-	-	-	-	-	-	-	29.189.319	-	-	-	29.189.319
8	Retail exposures	-	-	-	-	-	-	-	-	-	-	-	-
9	Exposures secured by residential property	-	-	-	-	-	44.154	-	7.610	-	-	-	51.764
10	Exposures secured by commercial property	-	-	-	-	-	792.437	-	86.637	-	-	-	879.074
11	Past-due items	-	-	-	-	-	326.710	-	-	-	-	-	326.710
12	Exposures in high-risk categories	-	-	-	-	-	-	-	-	-	-	-	-
13	Collateralized securities	-	-	-	-	-	-	-	-	-	-	-	-
14	Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-	-
15	Exposures in the form of collective investment undertakings	-	-	-	-	-	-	-	196.580	49.019	-	-	245.599
16	Equity share investments	-	-	-	-	-	-	-	-	-	-	-	-
17	Other exposures	3.303	-	-	-	-	-	-	226.166	-	-	-	229.469
18	Total	1.863.105	-	4.641.144	-	-	1.358.179	-	50.111.240	49.019	-	-	58.022.687



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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Consolidated 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 Parent Bank takes necessary measures to limit counterparty credit risks arising from bilateral transactions, such as off-balance sheet over the counter derivative transactions, by taking into account risk capacities.

Transactions made by the Treasury Department including counter-party risks such as over the counter forward, swaps and options are reported daily to the Senior Management and Risk Management Department. All transactions made with counterparty are considered within the limits of the counterparty. Exceeded limits are reported daily to the responsible managers and are recorded with all measures taken to overcome these limitations.

Current Period (31.12.2022)		Replacement Cost	Potential Credit Risk Amount	EEPE	Alpha Used for Competing Regulatory EAD	EAD Post-CRM	Risk Weighted Amounts
1	Standardized Approach - CCR (for derivatives)	159.367	516.261		1,4	945.880	682.781
2	Internal Model Method (for derivative transactions and security financing transactions)			-	-	-	-
3	Simple financial collateral method used for KRA (for securities financing transactions)					-	-
4	Comprehensive financial collateral method used for KRA (for securities financing transactions)					-	-
5	Value-at-risk for securities financing transactions					86.642	9.651
6	Total						692.432



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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Consolidated Risk Management (Continued):

3. Explanations on counterparty credit risk (Continued):

Evaluation of counterparty credit risk according to measurement methods

Prior Period (31.12.2021)		Replacement Cost	Potential Credit Risk Amount	EEPE	Alpha Used for Competing Regulatory EAD	EAD Post-CRM	Risk Weighted Amounts
1	Standardized Approach - CCR (for derivatives)	-	-	-	1,4	-	-
2	Internal Model Method (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)				-	-	-
3	Simple Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					-	-
4	Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					-	-
5	Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions					4.406.176	4.129.777
6	Total						4.129.777

Capital Requirements for CVA:

Derivative transactions of the Parent Bank consists of forward foreign exchange buying and selling and swap money buying and selling transactions. There are no interest-based swap transactions, option contracts and other derivative transactions. There are no derivative products to be created to differentiate them from the main product of the Parent Bank, and there are no transactions with possibility of collateral completion.

Current Period (31.12.2022)	Risk Amount (After using credit risk mitigation techniques)	Risk-weighted amounts
Total amount of portfolios subject to KDA capital requirement according to the advanced method	-	-
(i) Value-at-risk component (including 3*multiplier)	-	-
(ii) Stress value-at-risk (including 3*multiplier)	-	-
Total amount of portfolios subject to KDA capital requirement according to the standard method	945.880	196.143
Total amount subject to KDA capital requirement	945.880	196.143



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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Consolidated Risk Management (Continued):

3. Explanations on counterparty credit risk (Continued):

Standard approach - counterparty credit risk based on risk classes and risk weights:

Current Period (31.12.2022)									
Risk Weights / Risk Class	0%	10%	20%	50%	75%	100%	150%	Other	Total credit exposure (*)
Exposures to sovereigns and their central banks	38.385	-	48.257	-	-	-	-	-	9.651
Exposures to regional and local governments	-	-	-	-	-	-	-	-	-
Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-	-	-	-
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-	-	-	-
Exposures to banks and brokerage houses	128.516	-	13.982	-	-	677.466	-	125.916	682.781
Exposures to corporates	-	-	-	-	-	-	-	-	-
Retail exposures	-	-	-	-	-	-	-	-	-
Other assets(**)	-	-	-	-	-	-	-	-	-
Total	166.901	-	62.239	-	-	677.466	-	125.916	692.432

(*)Total credit risk: Risk amount related to capital adequacy computation after the counterparty credit risk measurement techniques are applied.

(**) Other receivables: Includes amounts not included in the counterparty credit risk reported in the table of risks to the central counterparty.

Prior Period (31.12.2021)									
Risk Weights / Risk Class	0%	10%	20%	50%	75%	100%	150%	Other	Total credit exposure (*)
Exposures to sovereigns and their central banks	14.798	-	-	-	-	-	-	-	-
Exposures to regional and local governments	-	-	-	-	-	-	-	-	-
Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-	-	-	-
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-	-	-	-
Exposures to banks and brokerage houses	-	-	327.001	-	-	4.064.377	-	-	4.129.777
Exposures to corporates	-	-	-	-	-	-	-	-	-
Retail exposures	-	-	-	-	-	-	-	-	-
Other assets(**)	-	-	-	-	-	-	-	-	-
Total	14.798	-	327.001	-	-	4.064.377	-	-	4.129.777

(*)Total credit risk: Risk amount related to capital adequacy computation after the counterparty credit risk measurement techniques are applied.

(**) Other receivables: Includes amounts not included in the counterparty credit risk reported in the table of risks to the central counterparty.



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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Consolidated Risk Management (Continued):

3. Explanations on counterparty credit risk (Continued):

Collaterals for counterparty credit risk:

A counterparty credit risk is the risk that a counterparty who is involved in a transaction that is liable to both parties defaults before the final payment in the cash flow of that transaction.

The Bank takes necessary measures to limit counterparty credit risks arising from bilateral transactions, such as off-balance sheet derivative transactions, by taking into account risk capacities.

Current Period (31.12.2022)	Collaterals for derivative transactions				Collaterals for other transactions	
	Collaterals received		Collaterals given		Collaterals received	Collaterals given
	Unsegregated	Segregated	Unsegregated	Segregated		
Cash-domestic currency	-	-	-	-	-	-
Cash-foreign currency	-	-	-	-	-	-
Domestic sovereign debt	-	-	266.911	-	-	2.918.261
Other sovereign debt	-	-	-	-	-	-
Government agency debt	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	-	266.911	-	-	2.918.261

Prior Period (31.12.2021)	Collaterals for derivative transactions				Collaterals for other transactions	
	Collaterals received		Collaterals given		Collaterals received	Collaterals given
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash-domestic currency	-	-	-	-	-	-
Cash-foreign currency	-	-	-	-	-	-
Domestic sovereign debt	-	-	-	-	84.925	655.929
Other sovereign debt	-	-	-	-	-	-
Government agency debt	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	-	-	-	84.925	655.929



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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Consolidated Risk Management (Continued):

3. Explanations on counterparty credit risk (Continued):

Credit derivatives

None.

Exposures to central counterparties (CCP)

Current Period (31.12.2022)	Risk Amount After KRA	RWA
Total risks arising from qualified transactions where one of the parties is CCP	275.728	2.855
Regarding the risks arising from the transactions in the CCP (excluding the initial margin and the amount placed in the guarantee fund)	125.916	2.518
(i) OTC derivatives		
(ii) Other derivative transactions	125.916	2.518
(iii) Securities financing transactions		
(iv) Netting groups to which cross product netting is applied		
Non-free initial margin	132.965	-
Free initial deposit	-	-
The amount put into the guarantee fund	16.847	337
The amount promised to be put into the guarantee fund	-	-
Total risks arising from non-qualified transactions where one of the parties is CCP		
Regarding the risks arising from the transactions in the CCP (excluding the initial margin and the amount placed in the guarantee fund)		
(i) OTC derivatives		
(ii) Other derivative transactions		
(iii) Securities financing transactions		
(iv) Netting groups to which cross product netting is applied		
Non-free initial margin		
Free initial deposit		
The amount put into the guarantee fund		
The amount promised to be put into the guarantee fund		

Explanations on securitizations

None.

4. Explanations on market risk:

Qualitative information to be publicly disclosed on market risk:

The Parent Bank is exposed to market risk depending on the fluctuations that may occur in the financial market as a result of its activities, in exchange rates, interest rates and stock prices.

The Parent Bank calculates and legally reports its market risk by using the standard method within the framework of the provisions of the “Regulation Regarding the Measurement and Evaluation of Banks’ Capital Adequacy” published in the Official Gazette No. 29511 dated 23 October 2015.

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Consolidated Risk Management (Continued):

4. Explanations on market risk:

Qualitative information to be publicly disclosed on market risk (Continued):

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.

PR1-Market risk amounts based on standard approach:

		Current Period 31.12.2022	Prior Period 31.12.2021
		RWA	RWA
	Direct (cash) Products		
1	Interest rate risk (general and specific)	-	
2	Equity risk (general and specific)	-	-
3	Foreign exchange risk	107.525	758.350
4	Commodity risk	-	-
	Options		-
5	Simplified approach	-	
6	Delta-plus method	-	-
7	Scenario approach	-	-
8	Securitization	-	-
9	Total	107.525	758.350

5. Link between the financial statements and risk amounts:

Explanations on differences between the amounts prepared as per TAS and the risk amounts:

“Credit Risks” are calculated over the securities classified as “Financial assets at fair value through profit or loss” and “Financial assets at fair value through other comprehensive income”.

Repurchase and reverse repo transactions of the Parent 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”.

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Consolidated Risk Management (Continued):

5. Linkages between the financial statements and risk amounts (Continued):

Differences and matching between accounting consolidation and legal consolidation:

Current Period (31.12.2022)	Carrying values in financial statements prepared as per TAS	Carrying values in financial statements prepared as per TAS within legal consolidation	Items in accordance with TAS				Not subject to capital requirements or subject to deduction from capital
			Subject to credit risk	The counterparty credit risk	Securitization positions	Subject to market risk	
Assets							
Cash and Balances with the Central Bank	835	-	835	-	-	-	-
Financial assets held for trading	132.363	-	132.363	-	-	-	-
Financial assets at fair value through profit or loss		157.466		157.466	-	-	-
Banks	8.744.629	-	8.744.629	-	-	-	-
Money market receivables	6.629.640	-	6.629.640	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	8.646.942	-	8.646.942	-	-	-	-
Derivative Financial Assets	31.094	-	31.094	-	-	-	-
Loans and Receivables	59.232.660	-	59.232.660	-	-	-	-
Factoring receivables	-	-	-	-	-	-	-
Financial Assets Measured at Amortised Cost	7.663.559	-	7.663.559	-	-	-	-
Investments in associates	10.586	-	10.586	-	-	-	-
Subsidiaries	-	-	-	-	-	-	-
Lease receivables	1	-	1	-	-	-	-
Tangible assets (net)	89.436	-	89.436	-	-	-	-
Intangible assets (net)	21.673	-	-	-	-	-	21.673
Investment properties (net)	-	-	-	-	-	-	-
Tax asset	169.179	-	169.179	-	-	-	-
Other assets	169.733	-	169.733	-	-	-	-
Total Assets	91.699.796	-	91.678.123	-	-	-	21.673

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Consolidated Risk Management (Continued):

5. Linkages between the financial statements and risk amounts (Continued):

Differences between accounting consolidation and legal consolidation (Continued):

Current Period (31.12.2022)	Carrying values in financial statements prepared as per TAS	Carrying values in financial statements prepared as per TAS within legal consolidation	Items in accordance with TAS				Not subject to capital requirements or subject to deduction from capital
			Subject to credit risk	The counterparty credit risk	Securitization positions	Subject to market risk	
Liabilities							
Deposit	-	-	-	-	-	-	-
Derivative financial liabilities held for trading	11.157	-	-	-	-	-	-
Funds borrowed	63.339.728	-	-	-	-	-	-
Money markets balances	2.945.163	-	-	2.945.163	-	-	-
Issued securities	2.121.456	-	-	-	-	-	-
Funds	8.418.825	-	-	-	-	-	-
Miscellaneous Payables	347.070	-	-	-	-	-	-
Other external funding's payable	237.921	-	-	-	-	-	-
Factoring Payables	-	-	-	-	-	-	-
Debts from leasing transactions	24.161	-	-	-	-	-	-
Derivative financial liabilities for hedging purposes	-	-	-	-	-	-	-
Provisions	165.756	-	-	-	-	-	-
Tax liability	287.483	-	-	-	-	-	-
Liabilities for assets held for sale and discontinued operations	-	-	-	-	-	-	-
Subordinated debts	6.947.336	-	-	-	-	-	-
Shareholders' equity	6.853.740	-	-	-	-	-	-
Total liabilities and equity	91.699.796	-	-	2.945.163	-	-	-

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- SECTION FOUR (Continued)
- INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)
- X. Explanations on Consolidated Risk Management (Continued):
5. Linkages between the financial statements and risk amounts (Continued):

Differences and matching between accounting consolidation and legal consolidation:

Prior Period (31.12.2021)	Carrying values in financial statements prepared as per TAS	Carrying values in financial statements prepared as per TAS within legal consolidation	Items in accordance with TAS				Not subject to capital requirements or subject to deduction from capital
			Subject to credit risk	The counterparty credit risk	Securitization positions	Subject to market risk	
Assets							
Cash and Balances with the Central Bank	2.051	-	2.051	-	-	-	-
Financial assets held for trading	7.124	-	7.124	-	-	-	-
Financial assets at fair value through profit or loss		-		-	-	-	-
Banks	213.743	-	213.743	-	-	-	-
Money market receivables	3.273.101	-	3.273.101	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	992.465	-	912.434	80.031	-	-	-
Derivative Financial Assets	3.932.699	-	3.932.699	-	-	-	-
Loans and Receivables	365	-	365	-	-	-	-
Factoring receivables	36.694.836	-	36.694.836	-	-	-	-
Financial Assets Measured at Amortised Cost	-	-	-	-	-	-	-
Investments in associates	3.011.037	-	3.011.037	-	-	-	-
Subsidiaries	10.119	-	10.119	-	-	-	-
Lease receivables	-	-	-	-	-	-	-
Tangible assets (net)	27.953	-	27.953	-	-	-	-
Intangible assets (net)	21.875	-	-	-	-	-	21.875
Investment properties (net)	-	-	-	-	-	-	-
Tax asset	95.678	-	95.678	-	-	-	-
Other assets	95.684	-	95.684	-	-	-	-
Total Assets	48.378.730	-	48.276.824	80.031	-	-	21.875

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- SECTION FOUR (Continued)
- INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)
- X. Explanations on Consolidated Risk Management (Continued):
5. Linkages between the financial statements and risk amounts (Continued):

Differences between accounting consolidation and legal consolidation (Continued):

Prior Period (31.12.2021)	Carrying values in financial statements prepared as per TAS	Carrying values in financial statements prepared as per TAS within legal consolidation	Items in accordance with TAS				Not subject to capital requirements or subject to deduction from capital
			Subject to credit risk	The counterparty credit risk	Securitization positions	Subject to market risk	
Liabilities							
Deposit	-	-	-	-	-	-	-
Derivative financial liabilities held for trading	26.693	-	-	-	-	-	-
Funds borrowed	37.910.935	-	-	-	-	-	-
Money markets balances	629.707	-	-	629.707	-	-	-
Issued securities	51.882	-	-	-	-	-	-
Funds	1.528.791	-	-	-	-	-	-
Miscellaneous Payables	211.390	-	-	-	-	-	-
Other external funding's payable	93.516	-	-	-	-	-	-
Factoring Payables	-	-	-	-	-	-	-
Debits from leasing transactions	10.479	-	-	-	-	-	-
Derivative financial liabilities for hedging purposes	-	-	-	-	-	-	-
Provisions	73.649	-	-	-	-	-	-
Tax liability	25.194	-	-	-	-	-	-
Liabilities for assets held for sale and discontinued operations	-	-	-	-	-	-	-
Subordinated debts	3.350.857	-	-	-	-	-	-
Shareholders' equity	4.465.637	-	-	-	-	-	-
Total liabilities and equity	48.378.730	-	-	629.707	-	-	-



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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Consolidated Risk Management (Continued):

5. Linkages between the financial statements and risk amounts (Continued):

Main sources of differences between the risk amounts and carrying values in financial statements prepared as per TAS:

	Current Period (31.12.2022)	Total	Subject to credit risk	Securitization positions	Subject to counterparty risk	Subject to market risk
1	Carrying values of assets in accordance with TAS within legal consolidation	91.699.796	91.678.123	-	-	-
2	Carrying values of liabilities in accordance with TAS within legal consolidation	91.699.796	-	-	2.945.163	-
3	Total net amount under legal consolidation	-	91.678.123	-	(2.945.163)	-
4	Off-balance sheet items	40.760.505	14.958.275	-	25.802.230	-
5	Valuation differences	-	-	-	-	-
6	Differences arising from netting of differences (other than line 2)	-	-	-	-	-
7	Differences arising from consideration of provisions	-	-	-	-	-
8	Differences arising from the applications of the BRSA	-	-	-	-	-
	Risk balances	132.460.301	106.636.398	-	22.857.067	-

	Prior Period (31.12.2021)	Total	Subject to credit risk	Securitization positions	Subject to counterparty risk	Subject to market risk
1	Carrying values of assets in accordance with TAS within legal consolidation	48.378.730	48.276.823	-	80.031	-
2	Carrying values of liabilities in accordance with TAS within legal consolidation	48.378.730	-	-	(629.707)	-
3	Total net amount under legal consolidation	-	48.276.823	-	(549.676)	-
4	Off-balance sheet items	10.830.077	5.027.287	-	2.554.289	-
5	Valuation differences	-	-	-	-	-
6	Differences arising from netting of differences (other than line 2)	-	-	-	-	-
7	Differences arising from consideration of provisions	-	-	-	-	-
8	Differences arising from the applications of the BRSA	-	-	-	-	-
	Risk balances	59.208.807	53.304.110	-	2.004.613	-

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.



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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Consolidated Risk Management (Continued):

6. Explanations on operational risk:

According to the Parent Bank's Operational Risk Management Policy, operational risk management practices; are developed taking into account overlooking of errors and irregularities as a result of disruptions in internal controls, failure to comply with time and conditions by the Parent Bank's management and personnel, errors and failures in information technology systems, and losses due to disasters such as earthquakes, fires, floods, and other factors that may occur on the basis of the Bank and the sector.

Operational risk amount is calculated by using the basic indicator approach within the scope of 14th Article of the “Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks”. The value is, 15% of the Banks gross income for the last three years multiplied with 12,5.

Annual gross income, as included in the income statement in financial reports is calculated by adding net fees and commissions income, dividend income from stocks other than subsidiary and affiliate shares, trading profit/loss (net) and other operating income to net interest income, by deducting profit/loss from the sale of assets monitored in held-to-maturity securities accounts, extraordinary income and insurance claims.

Current Period (31.12.2022)	31.12.2019	31.12.2020	31.12.2021	Total / Positive BG year amount	Ratio (%)	Total
Gross income	755.704	770.710	1.496.489	1.007.634	15	151.145
Amount subject to operational risk (Total*12,5)	1.889.314					

Prior Period (31.12.2021)	31.12.2017	31.12.2018	31.12.2019	Total / Positive BG year amount	Ratio (%)	Total
Gross income	479.661	755.704	770.710	668.692	15	100.304
Amount subject to operational risk (Total*12,5)	1.253.797					

The Operational Risk Management Policy, which was renewed in order to determine the policies, principles, approaches and basic elements in Operational Risk Management in order to reveal the risks that the Parent Bank will be exposed to in line with the general strategies and long-term goals and the strategies to be followed for these risks, was approved by the Board of Directors as of 30 December 2020. With this policy, it is aimed to contribute to the establishment of an established and consistent Operational Risk Culture throughout the Parent Bank by defining, determining, measuring, evaluating and reporting Operational Risks.

Audit findings, internal loss data, risk control and self-assessment report, operational risk analysis report, external data, business process map and key risk indicators will be envisaged to use in the identification and assessment of operational risk. Regarding the analysis of operational risk, risk control and self-assessment studies, operational risk analysis report, scenario analysis and stress tests are envisaged. Within the scope of reducing the operational risks and increasing the efficiency of the operational risk management process, the use of methods such as controlling the exposed risks by applying determined policies and procedures, reducing by using risk reduction techniques such as insurance, transferring them to another area are the basic elements that will increase the effectiveness of operational risk management. can be listed. Support Services procedures, emergency and contingency plans that enable the transfer of operational risks, emergency and contingency plans, as well as special policies, procedures and controls for money laundering and terrorist financing that may cause operational risks, management of IT risks are foreseen to be created.



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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Consolidated Risk Management (Continued):

6. Explanations on operational risk (Continued):

In the Parent 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:

Parent Bank calculates the interest rate risk on banking book according to “Regulation on Measurement and Evaluation of Interest Rate Risk on Banking Book as per Standard Shock Method” and reports to the BRSA monthly.

Interest Rate Risk on Banking Book report includes Receivables from Central Bank, Money Market Placements, Receivables from Banks, Financial Assets at Fair Value Through Other Comprehensive Income (excluding government bonds), Receivables from Reverse-repo, Loans and Receivables, Other Financial Assets Measured at Amortised Cost and Other Receivables in the asset side, and Payables to Central Bank, Money Market Borrowings, Payables to Banks, Funds Obtained from Repo Transactions, Issued Bonds; Borrowings, Subordinated Debt and Other Payables on the liabilities side.

Economic value differences due to the interest rate instabilities calculated according to “Regulation on Measurement and Evaluation of Interest Rate Risk on Banking Book as per Standard Shock Method” are presented below for each currency.

	Current Period (31.12.2022)	Applied Shock (+/- x base points)	Gains / Losses	Gains / Equity – Losses / Equity
1	TL	(+) 500 base points	(228.504)	(1.77)%
2	TL	(-) 400 base points	228.102	1.77%
3	EURO	(+) 200 base points	57.421	0.44%
4	EURO	(-) 200 base points	(75.169)	(0.58)%
5	USD	(+) 200 base points	(86.266)	(0.67)%
6	USD	(-) 200 base points	97.283	0.75%
	Total (For Positive Shocks))		(257.349)	(1.99)%
	Total (For Negative Shocks)		250.216	1.94%

	Prior Period (31.12.2021)	Applied Shock (+/- x base points)	Gains / Losses	Gains / Equity – Losses / Equity
1	TL	(+) 500 base points	(46.065)	(0.60)%
2	TL	(-) 400 base points	40.876	0.53%
3	EURO	(+) 200 base points	184.014	2.40%
4	EURO	(-) 200 base points	(263.761)	(3.43)%
5	USD	(+) 200 base points	326.168	4.25%
6	USD	(-) 200 base points	(431.919)	(5.62)%
	Total (For Positive Shocks))		464.117	6.04%
	Total (For Negative Shocks)		(654.804)	(8.53)%

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements As of 31 December 2022

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION FIVE

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS

I. Explanations and Notes Related to Consolidated Assets:

1. Information on financial assets:

1.1. Information on cash and cash equivalents:

1.1.1. Information on cash and balances with the Central Bank of the Republic of Turkey:

	Current Period (31.12.2022)		Prior Period (31.12.2021)	
	TL	FC	TL	FC
Cash in TL/Foreign currency	44	-	24	-
CBRT	791	-	2.027	-
Other	-	-	-	-
Total	835	-	2.051	-

1.1.1.a) Information on required reserve deposits:

Since the Bank does not accept deposits, it is not subject to Central Bank of the Republic of Turkey’s Communiqué No: 2005/1 “Reserve Requirements”.

1.1.1.b) Information on the account of Central Bank of the Republic of Turkey:

	Current Period (31.12.2022)		Prior Period (31.12.2021)	
	TL	FC	TL	FC
Unrestricted Demand Deposit	791	-	2.027	-
Unrestricted Time Deposit	-	-	-	-
Restricted Time Deposit	-	-	-	-
Total	791	-	2.027	-

1.1.2. Information on banks:

	Current Period (31.12.2022)		Prior Period (31.12.2021)	
	TL	FC	TL	FC
Banks				
Domestic	7.771.810	921.416	2.950.096	301.146
Foreign	-	64.779	-	27.433
Foreign Head Office and Branches	-	-	-	-
Total	7.771.810	986.195	2.950.096	328.579

1.1.2.a) Information on foreign bank accounts:

	Unrestricted Amount		Restricted Amount	
	Current Period (31.12.2022)	Prior Period (31.12.2021)	Current Period (31.12.2022)	Prior Period (31.12.2021)
EU Countries	43.478	13.914	-	-
USA and Canada	21.301	13.519	-	-
OECD Countries	-	-	-	-
Off-Shore Banking Regions	-	-	-	-
Other	-	-	-	-
Total	64.779	27.433	-	-

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes Related to Consolidated Assets (Continued)

1.1. Information on cash and cash equivalents (Continued):

1.1.3. Information on money market placements:

	Current Period (31.12.2022)		Prior Period (31.12.2021)	
	TL	FC	TL	FC
Money Market Placements	6.634.417	-	913.250	-
Receivables from Reverse Repo Transactions	-	-	80.032	-
Total	6.634.417	-	993.282	-

1.1.4. Information on expected credit loss provisions for financial assets:

	Current Period (31.12.2022)		Prior Period (31.12.2021)	
	TL	FC	TL	FC
Cash and Balances with Central Bank	-	-	1	-
Banks	13.376	-	5.573	-
Receivables from Money Market	4.777	-	817	-
Total	18.153	-	6.391	-

1.2. Financial assets measured at fair value through profit and loss subject to repurchase agreements (Net):

None.

1.2.a) Financial assets measured at fair value through profit and loss given as collateral or blocked(Net):

None.

1.3. Information on financial assets measured at fair value through other comprehensive income:

1.3.a.1) Financial assets measured at fair value through other comprehensive income subject to repurchase agreements:

	Current Period (31.12.2022)		Prior Period (31.12.2021)	
	TL	FC	TL	FC
Share certificates	-	-	-	-
Bonds, treasury bills and similar securities	486.436	-	522.914	-
Other	-	-	-	-
Total	486.436	-	522.914	-

1.3.a.2) Information on financial assets measured at fair value through other comprehensive income given as collateral or blocked:

	Current Period (31.12.2022)		Prior Period (31.12.2021)	
	TL	FC	TL	FC
Share certificates	-	-	-	-
Bonds, treasury bills and similar securities	834.674	793.984	192.716	-
Other	-	-	-	-
Total	834.674	793.984	192.716	-

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes Related to Consolidated Assets (Continued)

1.3. Information on financial assets measured at fair value through other comprehensive income (Continued):

1.3.a.3) Information on financial assets measured at fair value through other comprehensive income:

	Current Period (31.12.2022)	Prior Period (31.12.2021)
Debt Securities	8.643.578	3.973.661
Quoted on a stock exchange	8.643.578	3.973.661
Unquoted	-	-
Share Certificates	18.629	17.800
Quoted on a stock exchange	-	-
Unquoted	18.629	17.800
Provision for impairment (-)	(15.264)	(58.762)
Total	8.646.943	3.932.699

1.4. Information on derivative financial assets:

	Current Period (31.12.2022)		Prior Period (31.12.2021)	
	TL	FC	TL	FC
Forward Transactions	-	-	-	-
Swap Transactions	31.094	-	365	-
Futures	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	31.094	-	365	-

2. Explanations on financial assets measured at amortised cost (Net):

2.1. Information on loans:

2.1.a) Information on all types of loans and advances given to shareholders and employees of the Parent Bank:

	Current Period (31.12.2022)		Prior Period (31.12.2021)	
	Cash	Non-Cash	Cash	Non-Cash
Direct loans granted to shareholders	-	-	-	-
Corporate shareholders	-	-	-	-
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	-	-	-	-
Loans granted to employees	-	-	10	-
Total	-	-	10	-

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1. Explanations and Notes Related to Consolidated Assets (Continued))
2. Explanations on financial assets measured at amortised cost (Net) (Continued):
- 2.1. Information on loans (Continued):
- 2.1.b) Information on standard loans and loans under close monitoring (first and second group loans) including restructured loans under close monitoring:

	Standard Loans	Loans Under Close Monitoring		
		Loans not subject to restructuring	Restructured Loans	
Cash Loans Current Period (31.12.2022)			Loans with revised contract terms	Refinance
Non-specialized loans	55.729.460	2.290.326	303.883	-
Working capital loans	6.963.343	-	3.473	-
Export loans	-	-	-	-
Import loans	-	-	-	-
Loans given to financial sector	12.755.856	-	-	-
Consumer loans	-	-	-	-
Credit cards	-	-	-	-
Other	36.010.261	2.290.326	300.410	-
Specialized loans	910.031	168.389	43.832	-
Other receivables	-	-	-	-
Total	56.639.491	2.458.715	347.715	-

	Standard Loans	Loans not subject to restructuring	Restructured Loans	
			Loans with revised contract terms	Refinance
Cash Loans Prior Period (31.12.2021)				
Non-specialized loans	33.305.815	1.787.682	218.535	-
Working capital loans	3.413.178	4.762	124.613	-
Export loans	19.840	-	-	-
Import loans	-	-	-	-
Loans given to financial sector	8.126.829	-	-	-
Consumer loans	10	-	-	-
Credit cards	-	-	-	-
Other	21.745.958	1.782.920	93.922	-
Specialized loans	1.031.540	216.994	67.503	-
Other receivables	-	-	-	-
Total	34.337.355	2.004.676	286.038	-

	Current Period (31.12.2022)		Prior Period (31.12.2021)	
	Standard Loans	Loans Under Close Monitoring	Standard Loans	Loans Under Close Monitoring
First and Second Stage Expected Loss Reserves				
12 Months Expected Credit Losses	394.864	-	177.914	-
Significant Increase in Credit Risk	-	144.952	-	82.028

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1. Explanations and Notes Related to Consolidated Assets (Continued)
2. Explanations on financial assets measured at amortised cost (Net) (Continued):
- 2.1. Information on loans (Continued):
- 2.1.c) Loans according to their maturity structure:

	Standard Loans	Loans Under Close Monitoring		
		Loans not subject to restructuring	Restructured Loans	
Cash Loans Current Period (31.12.2022)			Loans with revised contract terms	Refinance
Short term loans	-	-	3.473	-
Medium and long term loans	56.639.491	2.458.715	344.242	-

	Standard Loans	Loans Under Close Monitoring		
		Loans not subject to restructuring	Restructured Loans	
Cash Loans Prior Period (31.12.2021)			Loans with revised contract terms	Refinance
Short term loans	17.500	42.460	192.116	-
Medium and long term loans	34.319.855	1.962.216	93.922	-



TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1. Explanations and Notes Related to Consolidated Assets (Continued):

2. Explanations on financial assets measured at amortised cost (Net) (Continued):

2.1. Information on loans (Continued):

2.1.ç) Information on consumer loans, individual credit cards, and personnel loans and personnel credit cards:

None as of 31 December 2022.

Prior Period (31.12.2021)	Short Term	Medium and Long Term	Total
Consumer Loans- TL	-	-	-
Real estate loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer Loans –Indexed to FC	-	-	-
Real estate loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer Loans- FC	-	-	-
Real estate loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Individual Credit Cards- TL	-	-	-
With installments	-	-	-
Without installments	-	-	-
Individual Credit Cards- FC	-	-	-
With installments	-	-	-
Without installments	-	-	-
Personnel Loans - TL	-	10	10
Real estate loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	10	10
Other	-	-	-
Personnel Loans-Indexed to FC	-	-	-
Real Estate Loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel Loans- FC	-	-	-
Real estate loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel Credit Cards- TL	-	-	-
With installments	-	-	-
Without installments	-	-	-
Personnel Credit Cards- FC	-	-	-
With installments	-	-	-
Without installments	-	-	-
Overdraft Accounts-TL (Real Persons)	-	-	-
Overdraft Accounts-FC (Real Persons)	-	-	-
Total	-	10	10

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1. Explanations and Notes Related to Consolidated Assets (Continued):

2. Explanations on financial assets measured at amortized cost (Net) (Continued):

2. 1. Informations on loans (Continued):

2.1.d) Information on commercial loans with installments and corporate credit cards:

The Parent Bank has not granted any commercial loans with installments and corporate credit cards as of balance sheet date.

2.1.e) Loans according to type of borrowers:

	Current Period (31.12.2022)	Prior Period (31.12.2021)
Public	-	-
Private	59.445.921	36.628.069
Total	59.445.921	36.628.069

2.1.f) Breakdown of domestic and international loans:

	Current Period (31.12.2022)	Prior Period (31.12.2021)
Domestic loans	59.445.921	36.628.069
International loans	-	-
Total	59.445.921	36.628.069

2.1.g) Loans granted to subsidiaries and associates:

TL 3.859 of loan disbursed to Arıcak A.Ş., a subsidiary of the Bank, has been followed at Group V. TL 3.859 default (stage III) provision has been provided for this loan.

2.1.ğ) Default (third stage) provisions:

	Current Period (31.12.2022)	Prior Period (31.12.2021)
Loans with limited collectability	516.495	448.302
Loans with doubtful collectability	-	-
Uncollectible loans	51.326	80.138
Total	567.821	528.440

2.1.h) Information on non-performing loans (Net):

2.1.h.1)Information on loans and other receivables restructured or rescheduled from non-performing loans:

	III. Group Loans With Limited Collectability	IV. Group Loans With Doubtful Collectability	V. Group Uncollectible Loans
Current Period (31.12.2022)			
Gross amounts before provisions	768.152	-	51.408
Restructured loans	74.814	-	-
Prior Period (31.12.2021)			
Gross amounts before provisions	656.093	-	80.527
Restructured loans	118.530	-	-

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1. Explanations and Notes Related to Consolidated Assets (Continued):
2. Explanations on financial assets measured at amortised cost (Net) (Continued):
2. 1. Informations on loans (Continued):
- 2.1.h.2) Information on the movement of non-performing receivables:

	III. Group Loans With Limited Collectability	IV. Group Loans With Doubtful Collectability	V. Group Uncollectible Loans
Prior period end balance (31.12.2021)	774.623	-	80.527
Additions (+)	229.048	-	1.081
Transfer from other categories of non-performing loans (+)	-	-	-
Transfer to other categories of non-performing loans (-)	-	-	-
Collections (-)	(160.705)	-	(30.200)
Write-offs (-)	-	-	-
Sold (-)	-	-	-
Corporate and commercial loans	-	-	-
Consumer loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Current period end balance (31.12.2022)	842.966	-	51.408
Provisions (-)	(516.495)	-	(51.326)
Net balance on balance sheet	326.471	-	82

2.1.h.3) Information on accruals of interest, rediscount and valuation effect and their provisions calculated for under follow-up loans of banks which provide expected credit loss according to TFRS 9:

	III. Group Loans with Limited Collectability	IV. Group Loans with Doubtful Collectability	V. Group Uncollectible Loans
Current Period (31.12.2022)			
Interest accruals and rediscount with valuation differences	71.467	-	24
Provision amount (-)	(71.467)	-	(24)
Net Balance	-	-	-
Prior Period (31.12.2021)			
Interest accruals and rediscount with valuation differences	20.474	-	378
Provision amount (-)	(20.474)	-	(378)
Net Balance	-	-	-

2.1.h.4) Information on foreign currency non-performing loans:

	III. Group Loans with Limited Collectability	IV. Group Loans with Doubtful Collectability	V. Group Uncollectible Loans
Current Period (31.12.2022) ^(*)			
Period End Balance	-	-	-
Provision Amount (-)	-	-	-
Net Balance on the Balance Sheet	-	-	-
Prior Period (31.12.2021)			
Period End Balance	656.093	-	-
Provision Amount (-)	(370.692)	-	-
Net Balance on the Balance Sheet	285.401	-	-

(*) The loan, which was viewed as FC in the previous period, has started to be followed as TL in the current period.



TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1. Explanations and Notes Related to Consolidated Assets (Continued):
2. Explanations on financial assets measured at amortized cost (Net) (Continued):
2. 1. Informations on loans (Continued):
- 2.1.h.5)Information regarding gross and net amounts of non-performing loans with respect to user groups:

	III. Grup Loans With Limited Collectability	IV. Grup Loans With Doubtful Collectability	V. Grup Uncollectible Loans
Current Period (Net) (31.12.2022)	326.471	-	82
Loans to Real Persons and Legal Entities (Gross)	842.966	-	51.408
Provision amount (-)	(516.495)	-	(51.326)
Loans to Real Persons and Legal Entities (Net)	326.471	-	82
Banks (Gross)	-	-	-
Provision amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans (Gross)	-	-	-
Provision amount (-)	-	-	-
Other Loans (Net)	-	-	-
Prior Period (Net) (31.12.2021)	326.321	-	389
Loans to Real Persons and Legal Entities (Gross)	774.623	-	80.527
Provision amount (-)	(448.302)	-	(80.138)
Loans to Real Persons and Legal Entities (Net)	326.321	-	389
Banks (Gross)	-	-	-
Provision amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans (Gross)	-	-	-
Provision amount (-)	-	-	-
Other Loans (Net)	-	-	-

2.1.h.6) Net value of collaterals of loans under close monitoring, collateral type and risk mapping:

Type of collateral	Current Period (31.12.2022)		Prior Period (31.12.2021)	
	Net Value of Collateral	Loan Balance	Net Value of Collateral	Loan Balance
Real Estate Mortgages ^(*)	1.200.135	1.200.135	981.315	981.315
Vehicle Pledges	-	-	-	-
Cash Collateral (Cash, Marketable Securities, etc.)	-	-	-	-
Pledge on wages	-	-	-	-
Cheque/Notes	-	-	-	-
Other (suretyship, commercial enterprise pledge, export documents etc.)	1.606.295	1.606.295	1.309.399	1.309.399
Non-collateralized	-	-	-	-
Total	2.806.430	2.806.430	2.290.714	2.290.714

(*) Between the appraisal and mortgage amount lower one and if these exceed the credit risk, loan amount is taken into account as the net value of the collateral.



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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1. Explanations and Notes Related to Consolidated Assets (continued):

2. Explanations on financial assets measured at amortised cost (Continued):

2.1. Informations on loans (Continued):

2.1.h.7) Net Value of Collaterals of Non-performing Loans, Collateral Types and Risk Mapping:

Type of collateral	Current Period (31.12.2022)		Prior Period (31.12.2021)	
	Net Value of Collateral	Loan Balance	Net Value of Collateral	Loan Balance
Real estate mortgages ^(*)	884.858	884.858	846.569	846.569
Cash collateral	-	-	-	-
Vehicle pledges	-	-	-	-
Other (suretyship, commercial enterprise pledge, commercial valuable papers etc.)	-	-	-	-
Non-collateralized	9.516	9.516	-	8.581
Total	894.374	894.374	846.569	855.150

^(*) Between the appraisal and mortgage amount lower one and if these exceed the credit risk, loan amount is taken into account as the net value of the collateral.

2.1.a) Main principles of liquidating non-performing loans and other receivables:

If there are collateral elements said in the fourth section of the Regulation on the Procedures and Principles Regarding the Classification of Loans and Provisions to be Reserved for them, these elements are converted into money as soon as possible as a result of both administrative and legal initiatives and the liquidation of the receivable is provided.

In the case collaterals are not present; the Parent Bank is engaged in substantive intelligence in various periods to determine whether any property holdings are subsequently acquired in order to apply for legal procedures, even if there is evidence of insolvency for the debtor.

Before and after liquidation process; the Parent Bank reviews financial information of the debtor companies. Then, in the case it is agreed that the companies show indications of operating on an ongoing basis and probably are going to have contributions to the economy; the Bank tries to make collections through rescheduling the payment terms.

2.1.i) Explanations on write-off policy:

Within the scope of the Regulation Amending the Regulation on the Classification of Loans and the Provisions to be Set Aside, which entered into force after being published in the Official Gazette dated 6 July 2021 and numbered 31533, the portion of Fifth Group-Loans in the Type of Loss with life-time loss provision for which there is no reasonable expectation of recovery is deducted from records within the scope of TFRS 9 as of the first reporting period following their classification in this group. As of 31 December 2022, the Bank does not have any credits deducted from its accounting records (31 December 2021: None.).

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1. Explanations and Notes Related to Consolidated Assets (Continued):

2. Explanations on financial assets measured at amortised cost (Continued):

2.2.a) Information on government securities financial assets measured at amortised cost subject to repurchase agreements:

	Current Period (31.12.2022)	Prior Period (31.12.2021)
Government bonds	2.432.127	130.919
Treasury bills	-	-
Other government debt securities	-	-
Total	2.432.127	130.919

2.2.b) Information on given as collateral or blocked financial assets measured at amortised cost:

	Current Period (31.12.2022)	Prior Period (31.12.2021)
Government bonds	3.772.831	10.256
Treasury bills	67.842	-
Other government debt securities	-	-
Total	3.840.673	10.256

2.2.c) Information on government securities financial assets measured at amortised cost:

	Current Period (31.12.2022)	Prior Period (31.12.2021)
Government bonds	7.025.924	3.012.392
Treasury bills	67.842	-
Other government debt securities	468.457	-
Total	7.562.223	3.012.392

2.2.ç) Information on financial assets measured at amortised cost:

	Current Period (31.12.2022)	Prior Period (31.12.2021)
Debt Securities	7.562.223	3.012.392
Quoted on a stock exchange	7.562.223	3.012.392
Unquoted	-	-
Provision for impairment (-)	-	-
Total	7.562.223	3.012.392

2.2.d) Movement of financial assets measured at amortised cost:

	Current Period (31.12.2022)	Prior Period (31.12.2021)
Balance at the beginning of the period	3.012.392	1.717.342
Foreign currency difference on monetary assets	988.830	1.166.016
Purchases during the year ^(*)	3.721.983	139.209
Disposals through sales and redemptions ^(**)	(57.944)	(10.175)
Provision for impairment (-)	-	-
Balance at the end of the period	7.665.261	3.012.392

^(*) TL 1.146.192 arises from the rediscount increase in purchases.

^(**) Disposals through sales and redemptions consist of TL 57.944 TL after coupon redemption rediscount reduction amount.

3. Assets held for sale and discontinued operations (Net):

None.

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes Related to Consolidated Assets (Continued):

4. Information on equity investments:

4.1. Information on associates:

4.1.a) If there are subsidiaries that are not consolidated in accordance with the Communiqué on the Preparation of Consolidated Financial Statements of Banks and the relevant Turkish Accounting Standard, the reasons for not consolidation:

Subsidiaries that are not included in the scope of consolidation because they are not financial affiliates are valued according to the cost method.

4.1.b) General information on unconsolidated associates:

	Description	Address (City/Country)	The Bank's share percentage-if different voting percentage (%)	The Bank's risk group share percentage (%)
1	Maksan A.Ş.	Malatya	20	31,14

4.1.c) Financial statement information of unconsolidated associates ordered above:

(*)	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income From Marketable Securities	Current Period Profit/Loss	Prior Period Profit/Loss	Fair Value
1	219.307	160.020	7.941	-	-	100.471	15.665	-

(*) The financial information of Maksan A.Ş. is provided from the unreviewed financial statements as of 30 September 2022. Prior period information is provided from the unreviewed financial statements as of 30 September 2021.

4.1.ç) Movement of unconsolidated associates:

	Current Period (31.12.2022)	Prior Period (31.12.2021)
Balance at the beginning of the period	10.119	18.693
Movements during the period	467	(8.574)
Additions	-	-
Bonus shares certificates	-	-
Shares in current year profit	-	-
Disposal	-	(8.574)
TFRS 9 classification change	-	-
Revaluation increase	-	-
Provision for impairment (-) / Cancellation of provision	467	-
Balance at the end of the period	10.586	10.119
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

4.1.d) Sectoral information about unconsolidated associates and their carrying amounts:

The Parent Bank does not have any subsidiaries in the nature of financial partnership.

4.1.e) Information on consolidated associates:

None.

4.1.f) Associates quoted in the stock exchange:

None.

4.2. Information on subsidiaries (Net)

The Parent Bank does not have any capital requirement arising from its subsidiaries included in the consolidated capital adequacy standard ratio.

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes Related to Consolidated Assets (Continued):

4. Information on equity investments (Continued):

4.2.a) General information on subsidiaries

By the application of the company's Board of Directors and approval of the Capital Markets Board (CMB), Kalkınma Yatırım Menkul Değerler A.Ş.'s activities have been temporarily suspended beginning from 31 December 2009. In 2011, the licenses of the company have been cancelled. In the General Assembly held on 20 March 2012, it was resolved to liquidate the company. Since the company is in liquidation process, the Parent-Bank has lost control over its subsidiary and net investment value of Kalkınma Yatırım Menkul Değerler A.Ş. in liquidation has been classified as financial assets measured at fair value through other comprehensive income in the accompanying financial statements. The Bank has provided a provision for its entire capital share in its subsidiary Arıcak A.Ş., which is in the process of liquidation.

The Parent-Bank has 100% participation in Kalkınma Yatırım Varlık Kiralama Anonim Şirketi established on 28 May 2020 with a nominal capital of TL 50, and in Kalkınma Girişim Sermayesi Portföy Yönetimi Anonim Şirketi established on 17 November 2020 with a nominal capital of TL 1.800.

4.2.a.1) General information on unconsolidated subsidiaries

None.

4.2.a.2) General information on consolidated subsidiaries

	Title	Address (City/Country)	Bank's share percentage-if different voting rate (%)	Bank's risk group share rate (%)
1	Kalkınma Yatırım Varlık Kiralama A.Ş.	İstanbul	100	100
2	Kalkınma Girişim Sermayesi Portföy Yönetimi A.Ş.	İstanbul	100	100

4.2.a.3) Financial statement information regarding subsidiaries in the order above:

(*)	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Securities Income	Current Period Profit/Loss	Prior Period Profit/Loss	Fair Value
1	103.151	94	3	-	5.433	44	-	-
2	18.049	14.314	1.750	-	1.457	8.986	2.543	-

(*)The financial information of Kalkınma Yatırım Varlık Kiralama A.Ş. and Kalkınma Girişim Sermayesi Portföy Yönetimi A.Ş. is provided from the audited financial statements as of 31 December 2022. Prior period profit/loss amounts are provided from audited financial statements as of 31 December 2021.

4.2.b) Movement of consolidated subsidiaries:

	Current Period (31.12.2022)	Prior Period (31.12.2021)
Balance at the beginning of the period	3.050	1.850
Movements during the period	1.000	1.200
Additions	-	1.200
Bonus shares certificates	1.000	-
Shares in current year profit	-	-
Disposals	-	-
Revaluation increase	-	-
Provision for impairment (-) / Cancellation of provision	-	-
Balance at the end of the period	4.050	3.050
Capital commitments	-	-
Share percentage at the end of the period (%)	100	100

(*) Paid-in capital of the Bank's subsidiary, Kalkınma Girişim Sermayesi Portföy Yönetimi A.Ş., has been increased by TL 1,000 to be covered from internal sources.

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1. Explanations and Notes Related to Consolidated Assets (Continued):

4. Information on equity investments (Continued):

4.2. Information on subsidiaries (Net) (Continued):

4.2.c) Sectoral information about consolidated subsidiaries and their carrying amounts:

	Current Period (31.12.2022)	Prior Period (31.12.2021)
Banks	-	-
Insurance companies	-	-
Factoring companies	-	-
Leasing companies	-	-
Financing companies	-	-
Other financial subsidiaries	4.050	3.050

4.2.ç. Subsidiaries quoted on the stock exchange:

None.

4.3. Information on jointly controlled entities (joint ventures):

The Parent Bank has no joint ventures.

5. Information on receivables from lease transactions (Net):

None (31 December 2021: None).

6. Positive differences table related to derivative financial instruments held for hedging purposes:

The Bank does not have derivative financial instruments held for hedging purposes.

7. Information on factoring receivables:

None.

8. Information on tangible fixed assets:

Current Period (31.12.2022)	Real-Estates	Real-Estates held for sale	Vehicles	Other	Total
Cost					
Balance at the beginning of the period	16.604	11.077	875	26.605	55.161
Provision for impairment	-	(729)	-	-	(729)
Movements during the period					
-Additions	3.021	38.053	22.133	22.281	85.488
-Disposals (-)	-	(10.666)	-	(2.878)	(13.544)
-Transfer from investment properties	-	-	-	-	-
-Provision for impairment (-)	-	-	-	-	-
-Reversal from provision for impairment (-)	-	78	-	-	78
Balance at the end of the period	19.625	37.813	23.008	46.008	126.454
Accumulated Depreciation					
Balance at the beginning of the period	8.988	247	590	17.383	27.208
Movements during the period					
-Depreciation charge	5.075	-	2.034	5.522	12.631
-Transfer from investment properties	-	-	-	-	-
-Disposals (-)	-	(247)	-	(2.574)	(2.821)
-Provision for impairment (-)	-	-	-	-	-
Balance at the end of the period	14.063	-	2.624	20.331	37.018
Net book value at the end of the period	5.562	37.813	20.384	25.677	89.436

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1. Explanations and Notes Related to Consolidated Assets (Continued):

8. Information on tangible fixed assets (Continued):

Prior Period (31.12.2021)	Real-Estates	Real-Estates held for sale	Vehicles	Other	Total
Cost					
Balance at the beginning of the period	17.552	25.266	739	25.055	68.612
Provision for impairment	-	(1.186)	-	-	(1.186)
Movements during the period					
-Additions	1.412	2.635	136	1.933	6.116
-Disposals (-)	(2.360)	(16.095)	-	(383)	(18.838)
-Transfer from investment properties	-	-	-	-	-
-Provision for impairment (-)	-	-	-	-	-
-Reversal from provision for impairment (-)	-	457	-	-	457
Balance at the end of the period	16.604	11.077	875	26.605	55.161
Accumulated Depreciation					
Balance at the beginning of the period	6.982	486	384	13.435	21.287
Movements during the period					
-Depreciation charge	3.699	-	206	4.159	8.064
-Transfer from investment properties	-	-	-	-	-
-Disposals (-)	(1.693)	(239)	-	(211)	(2.143)
-Provision for impairment (-)	-	-	-	-	-
Balance at the end of the period	8.988	247	590	17.383	27.208
Net book value at the end of the period	7.616	10.830	285	9.222	27.953

9. Information on intangible assets:

	Current Period (31.12.2022)	Prior Period (31.12.2021)
Cost		
Balance at the beginning of the period	34.810	26.707
Movements during the period	-	-
-Additions	5.043	8.103
- Disposals	-	-
Balance at the end of the period	39.853	34.810
Accumulated Amortisation		
Balance at the beginning of the period	12.935	8.963
Movements during the period	-	-
-Amortization charge	5.245	3.972
-Disposals	-	-
Balance at the end of the period	18.180	12.935
Net book value at the end of the period	21.673	21.875

10. Information on investment properties:

None.

11. Information on current tax assets:

None.

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Notes to the Consolidated Financial Statements As of 31 December 2022

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

XPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes Related to Consolidated Assets (Continued):

12. Information on deferred tax assets:

As of 31 December 2022, the Group has a deferred tax asset of TL 169.179 (31 December 2021: TL 95.678). The deferred tax asset is calculated over the temporary differences formed by the assets and liabilities followed by the book value in the Bank’s records and their tax base calculated in accordance with the tax legislation. In case the items that constitute the temporary differences are monitored among the equity items, the deferred tax asset/liability calculated over the said temporary differences are associated with the related equity items, and as of 31 December 2022, the Parent-Bank has no tax assets calculated over the period loss or tax deduction (31 December 2021: None).

	Current Period (31.12.2022)	Prior Period (31.12.2021)
Deferred Tax Assets		
From interest rediscounts	1.933	-
From severance payments	7.455	3.715
Securities portfolio internal yield-exchange rate difference	49.496	2.574
Securities portfolio - Financial	-	4.549
Securities portfolio - Non-financial	-	6.834
Personnel bonus premium provision	20.973	15.534
TFRS 9 Provision	152.374	57.683
TFRS 16 Leases	2	-
Derivative financial assets	-	6.582
Other	679	503
Total Deferred Tax Assets	232.912	97.974
Deferred Tax Liabilities		
From amortizations	1.295	767
From interest rediscounts	-	1.329
Actuarial Differences	11	-
Securities portfolio - Financial	608	-
Securities portfolio - Non-financial	56.835	-
TFRS 16 Leasing	-	200
Derivative financial assets	4.984	-
Total Deferred Tax Liability	63.733	2.296
Net Deferred Tax Asset /(Liabilities)	169.179	95.678

13. Fixed assets held for sale and discontinued operations:

The Group does not have any non-current assets held for sale or discontinued operations.

14. Information on other assets:

	Current Period (31.12.2022)	Prior Period (31.12.2021)
Inventory	787	375
Prepaid expenses	143.862	93.931
Temporary account debtor	2.772	1.164
Sundry receivables	22.594	214
Total	170.015	95.684

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and Notes Related to Consolidated Liabilities:

1. Information on maturity structure of deposits:

The Parent-Bank is not accepting deposits.

2. Information on funds borrowed:

2.a) Information on banks and other financial institutions:

	Current Period (31.12.2022)		Prior Period (31.12.2021)	
	TL	FC	TL	FC
From Central Bank of the Republic of Turkey(*)	8.959.064	-	2.324.263	-
From domestic banks and institutions	-	3.712.821	-	3.188.998
From foreign banks, institutions and funds	-	50.667.843	-	32.397.674
Total	8.959.064	54.380.664	2.324.263	35.586.672

(*) The securities amounting to TL 15.195.563 (31 December 2021: TL 4.183.683) received from the loan customers to which the rediscount credits obtained from the Central Bank of the Republic of Turkey were disbursed were endorsed to the Central Bank of the Republic of Turkey.

2.b) Maturity structure of funds borrowed:

	Current Period (31.12.2022)		Prior Period (31.12.2021)	
	TL	FC	TL	FC
Short-term	-	7.819.544	-	208.415
Medium and long-term	8.959.064	46.561.120	2.324.263	35.378.257
Total	8.959.064	54.380.664	2.324.263	35.586.672

2.c) Additional information for the areas of liability concentrations:

As the Bank is not authorized to accept deposits, liabilities are composed of funds obtained from domestic and international financial institutions, medium and long term loans, securities issued and subordinated debt instruments.

Most of the loans from international finance institutions are from World Bank, European Investment Bank, Council of Europe Development Bank, Islamic Development Bank, Black Sea Trade and Development Bank, Industrial and Commercial Bank of China, German Development Bank, Asian Infrastructure Investment Bank, Japan Bank for International Cooperation and China Development Bank. Domestic loans originate from the Republic of Turkey Ministry of Treasury and Finance and Central Bank of the Republic of Turkey.

3. Information on funds provided under repurchase agreements:

	Current Period (31.12.2022)		Prior Period (31.12.2021)	
	TL	FC	TL	FC
Funds provided under repurchase agreements	2.945.163	-	629.707	-
Total	2.945.163	-	629.707	-

4. Information on securities issued (Net):

The Parent Bank has issued bonds amounting to EUR 100 million with the ISIN code FR001400CTV1 with variable interest and a final maturity of 23 September 2033 allocated to the French Development Agency. It consists of the principal and rediscount balances of the lease certificate based on the management contract, amounting to full TL 50.000.000 on 9 November 2022 and full TL 50.000.000 on 13 December 2022, issued by Kalkınma Yatırım Varlık Kiralama A.Ş. by intermediating with Tarfin Tarım A.Ş. .

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and Notes Related to Consolidated Liabilities (Continued):

4. Information on securities issued (Net) (Continued):

	Current Period (31.12.2022)		Prior Period (31.12.2021)	
	TL	FC	TL	FC
Asset Backed Securities	-	103.023	51.882	
Bonds	-	2.018.433	-	-
Toplam	-	2.121.456	51.882	-

5. Explanations on funds:

Of the TL 8.418.825 which was provided by the Parent Bank (31 December 2021: TL 1.528.791), TL 223.613 is from the World Bank, TL 1.108 is from the European Fund, TL 21.730 is from the Ministry of Treasury and Finance and TL 8.172.374 consists of funds from borrowers and banks.

6. Explanations on financial liabilities at fair value through profit and loss:

None.

7. Negative differences table for derivative financial liabilities:

	Current Period (31.12.2022)		Prior Period (31.12.2021)	
	TL	FC	TL	FC
Forward transactions	-	-	-	-
Swap transactions	11.157	-	26.693	-
Futures transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	11.157	-	26.693	-

8. Information on factoring liabilities:

None.

9. Explanations on financial lease payables (Net):

	Current Period (31.12.2022)		Prior Period (31.12.2021)	
	Gross	Net	Gross	Net
Less than 1 year	12.861	10.444	6.330	5.039
1-4 years	13.421	10.615	5.766	5.440
More than 4 years	3.264	3.102	-	-
Total	29.546	24.161	12.096	10.479

10. Negative differences table related to derivative financial instruments held for hedging purposes:

The Bank does not have derivative financial instruments held for hedging purposes.

11. Explanations on Provisions:

11.a) Foreign exchange loss provisions on the foreign currency indexed loans and finance lease receivables:

There is no foreign exchange loss provisions on the foreign currency indexed loans and finance lease receivables (31 December 2021: None).

11.b) Expected loss provisions provided for unindemnified non-cash loans:

As of 31 December 2022, the first stage expected loss provision for non-compensated and non-cashed non-cash loans is TL 49.545 (31 December 2021: TL 20.724), third stage expected loss provision is TL 1 (31 December 2021: TL 1).

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and Notes Related to Consolidated Liabilities (Continued):

11.c) Other provisions:

- As of 31 December 2022, there are 132 lawsuits filed against the Bank with a risk amount of TL 6.676. The Bank allocated TL 2.405 (31 December 2021: TL1.950) lawsuit provision for the lawsuits that are thought to be or are considered to be concluded against.
- The Group accounts for the provisions for employee benefits in accordance with the Turkish Accounting Standards No: 19 and recognizes in financial statements. As of 31 December 2022, the Bank allocated provision for severance pay amounting to TL 20.062 (31 December 2021: TL 10.223), for unused vacation accruals amounting to TL 9.852 (31 December 2021: TL 4.721) and within the scope of TAS 19, employee benefits provision amounting to TL 83.892 (31 December 2021: TL 36.030) has been reserved.

12.a) Information on current tax liability:

12.a.1) Information on tax provision:

	Current Period (31.12.2022)		Prior Period (31.12.2021)	
	TL	FC	TL	FC
Corporate Tax and Deferred Tax				
Corporate tax payable	260.197	-	15.044	-
Deferred tax liability	-	-	-	-
Total	260.197	-	15.044	-

12.a.2) Information on taxes payable:

	Current Period (31.12.2022)	Prior Period (31.12.2021)
Corporate tax payable	260.429	15.044
Taxation on income on marketable securities	3.475	189
Property tax	38	-
Banking insurance transaction tax (BITT)	9.057	4.191
Foreign exchange transaction tax	119	325
Value added tax payable	531	494
Other	8.795	2.988
Total	282.444	23.231

12.a.3) Information on premiums:

	Current Period (31.12.2022)	Prior Period (31.12.2021)
Social security premiums- Employee	1.975	744
Social security premiums- Employer	2.527	989
Bank social aid pension fund premium- Employee	-	-
Bank social aid pension fund premium- Employer	-	-
Pension fund membership fees and provisions- Employee	47	26
Pension fund membership fees and provisions- Employer	59	33
Unemployment insurance- Employee	123	48
Unemployment insurance- Employer	269	103
Other	39	20
Total	5.039	1.963

13. Information on deferred tax liabilities:

None.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and Notes Related to Consolidated Liabilities (Continued):

14. Information on liabilities regarding assets held for sale and discontinued operations:

The Group has no liabilities for fixed assets held for sale and discontinued operations.

15. Information on subordinated debt instruments:

	Current Period (31.12.2022)		Prior Period (31.12.2021)	
	TL	FC	TL	FC
Debt instruments to be included in additional capital calculation	2.301.046	3.528.830	-	2.516.976
Subordinated loans	2.301.046	3.528.830	-	2.516.976
Subordinated debt instruments	-	-	-	-
Debt instruments to be included in contribution capital calculation	-	1.117.460	-	833.881
Subordinated loans	-	1.117.460	-	833.881
Subordinated debt instruments	-	-	-	-
Total	2.301.046	4.646.290	-	3.350.857

16. If other liabilities exceed 10 % of the balance sheet total, name and amount of sub-accounts constituting at least 20 % of grand total:

Other liabilities do not exceed 10% of the balance sheet total.

17. Information on shareholders' equity:

17.a) Presentation of paid-in capital:

	Current Period (31.12.2022)	Prior Period (31.12.2021)
Common stock	2.500.000	2.000.000
Preferred stock	-	-

17.b) Paid-in capital amount, explanation whether the registered share capital system is applicable for the Bank, if so, amount of registered capital ceiling:

Capital System	Paid in Capital	Ceiling
Registered capital	2.500.000	10.000.000

17.c) Information on share capital increases and their sources; other information on increased capital shares in current period:

Increase Date	Increase Amount	Cash	Profit Reserves Subject to Increase	Capital Reserves Subject to Increase
27.12.2022	500.000	500.000	-	-

17.ç) Information on additions from capital reserves to capital in the current period:

There is no increase from capital reserves.

17.d) Capital commitments in the last fiscal year and that continue until the end of the following year-ended, general purpose of these commitments and projected resources required to meet these commitments:

The Bank has no capital commitments.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and Notes Related to Consolidated Liabilities (Continued):

17.e) Information on legal reserves:

	Current Period (31.12.2022)	Prior Period (31.12.2021)
I. Legal Reserve	120.952	80.133
II. Legal Reserve	14.471	14.471
Special Reserves	-	-
Total	135.423	94.604

17.f) Information on extraordinary reserves:

	Current Period (31.12.2022)	Prior Period (31.12.2021)
Legal reserves that was allocated to be in compliance with the decisions made on the Annual General Assembly	2.088.274	1.315.798
Retained earnings	-	-
Accumulated losses	-	-
Foreign currency capital exchange difference	-	-
Total	2.088.274	1.315.798

17.g) Indicators of the Parent 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 Parent Bank's equity:

The Parent Bank's prior year revenues, profitability and liquidity and projections in the future are followed by the relevant units. Considering the current conditions in the country's economy and the Parent Bank's prior year performance; within the framework of forecasts regarding income, profitability and liquidity, it is estimated that there will be no significant problems in the upcoming period.

17.ğ) Information on preferred shares:

The Bank has no preferred shares.

17.h) Information on accumulated other comprehensive income or loss that will be reclassified to profit or loss:

	Current Period (31.12.2022)		Prior Period (31.12.2021)	
	TL	FC	TL	FC
From associates, subsidiaries and jointly controlled entities (joint ventures)	1.467	-	-	-
Valuation difference	175.060	(11.919)	10.040	(33.299)
Foreign exchange difference	-	-	-	-
Total	176.527	(11.919)	10.040	(33.299)

17.ı) Information on minority shares:

None.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

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(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

III. Explanations and Notes Related to Consolidated Off-Balance Sheet Accounts

1. Information on off-balance sheet liabilities:

1.a) Nature and amount of irrevocable loan commitments:

	Current Period (31.12.2022)	Prior Period (31.12.2021)
Forward asset purchase and sales commitments	533.977	134.930
Other irrevocable commitments	133.913	268.732
Total	667.890	403.662

1.b) Nature and amount of possible losses and commitments from the off-balance sheet items including the below mentioned:

As of 31 December 2022, the first stage expected loss provision for non-compensated and non-cashed non-cash loans is TL 49.544 (31 December 2021: TL 20.724), third stage expected loss provision is TL 1 (31 December 2021: TL 1).

1.b.1) Guarantees, confirmed bills and guarantees assessed as financial guarantees and non-cash loans including other letter of credits:

The Parent Bank has guarantees given amounting to TL 441.565 (31 December 2021: TL 328.467). Letters of credit commitments is TL 118.700 (31 December 2021: TL 54.972). The Parent Bank has no bank borrowings in the current period.

1.b.2) Definite guarantees, tentative guarantees, suretyships and similar transactions:

Total amount of the Parent Bank’s TL letters of guarantee are TL 2.481.196 (31 December 2021: TL 1.922.408). TL 1 (31 December 2021: TL 1) of this amount is letters of guarantee given to customs and other part is definite letters of guarantees.

1.c.1) Total non-cash loans:

	Current Period (31.12.2022)	Prior Period (31.12.2021)
Non-cash loans for providing cash loans	441.565	328.467
With original maturity of one year or less	-	-
With original maturity more than one year	441.565	328.467
Other non-cash loans	2.599.896	1.977.380
Total	3.041.461	2.305.847

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements As of 31 December 2022

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

III. Explanations and Notes Related to Consolidated Off-Balance Sheet Accounts (Continued):

1.c.2) Non-cash loans sectoral risk concentrations:

	Current Period (31.12.2022)				Prior Period (31.12.2021)			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agriculture	-	-	-	-	-	-	-	-
Farming and raising livestock	-	-	-	-	-	-	-	-
Forestry	-	-	-	-	-	-	-	-
Fishery	-	-	-	-	-	-	-	-
Industry	632.674	100,00	2.408.778	100,00	53.162	99,98	2.252.675	100,00
Mining and quarry	-	-	-	-	-	-	-	-
Manufacturing	1	-	-	-	1	-	54.972	2,44
Electricity, gas and water	632.673	100,00	2.408.778	100,00	53.161	99,98	2.197.703	97,56
Construction	-	-	-	-	-	-	-	-
Service	9	-	-	-	10	0,02	-	-
Wholesale and retail trade	-	-	-	-	-	-	-	-
Hotel and food services	-	-	-	-	-	-	-	-
Transportation and communication	-	-	-	-	-	-	-	-
Financial institutions	9	-	-	-	10	0,02	-	-
Real estate and leasing services	-	-	-	-	-	-	-	-
Self-employment services	-	-	-	-	-	-	-	-
Educational services	-	-	-	-	-	-	-	-
Health and social services	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total	632.683	100,00	2.408.778	100,00	53.172	100,00	2.252.675	100,00

1.c.3) Non-cash loans classified in group I and II:

	Current Period (31.12.2022)		Prior Period (31.12.2021)	
	I. Group		I. Group	
Non-cash loans	TL	FC	TL	FC
Letters of guarantee	632.683	1.848.513	53.170	1.869.236
Letters of credit	-	118.700	-	54.972
Endorsements	-	441.565	-	328.467

2. Information on derivative financial instruments:

Derivative transactions of the Bank consists of currency swap purchasing and selling transactions. Swap transactions in foreign currency and TL, are shown in the table below as of 31 December 2022.

	Current Period (31.12.2022)				Prior Period (31.12.2021)			
	Forward Purchase	Forward Sale	Swap Purchase	Swap Sale	Forward Purchase	Forward Sale	Swap Purchase	Swap Sale
TL	-	-	4.004.626	7.543.854	-	-	417.572	-
USD	-	-	7.161.779	3.405.293	-	-	-	1.289.857
EUR	-	-	1.473.318	1.679.383	-	-	846.860	-
Other	-	-	-	-	-	-	-	-
Total	-	-	12.639.723	12.628.530	-	-	1.264.432	1.289.857

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements As of 31 December 2022

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

III. Explanations and Notes Related to Consolidated Off-Balance Sheet Accounts (Continued):

3. Information on contingent liabilities and assets:

Istanbul Venture Capital Initiative (IVCI - A Luxembourg Investment Company Fund) is founded as a stock company having variable capital and subject to laws of Luxembourg. The Bank has committed to buy “Group A” shares equal to nominal value of EUR 10 million and to pay this amount at the date determined by Fund according to its investment plan. The Fund’s initial capital commitment was EUR 150 Million and its capital was increased to EUR 160 Million with new participants in March 2009. The Parent Bank’s participation was approved by the Board of Directors of IVCI on 13 November 2007 and share purchase agreement was signed at of the same date.

The Parent Bank made payment of share capital constituting payments equal to EUR 300.000 on 7 November 2008, EUR 218.750 on 6 July 2009 and EUR 281.250 on 12 November 2010, EUR 167.500 on 15 July 2011, EUR 437.500 on 10 November 2011, EUR 500.000 on 15 February 2012, EUR 500.000 on 25 May 2012, EUR 250.000 on 10 August 2012, EUR 500.000 on 19 September 2012, EUR 500.000 on 18 January 2013, EUR 500.000 on 27 June 2013 and EUR 500.000 on 13 December 2013, EUR 500.000 on 1 August 2014, EUR 500.000 on 29 August 2014, EUR 500.00 on 4 May 2015, EUR 500.000 on 16 October 2015, EUR 500.000 on 3 May 2016 and EUR 312.500 on 30 November 2017, EUR 312.500 on 2 March 2018, EUR 312.500 on 12 December 2018, EUR 980.842 on 13 December 2019, EUR 312.500 on 21 July 2020, EUR 312.500 on 28 November 2022, the total capital payment is EUR 9.698.342.

With reference to the above capital contributions, of the Parent Bank’s total commitment of EUR 10 million, EUR 9.698.342 have been paid, EUR 301.658 is not yet paid as of the balance sheet date.

The Parent Bank has committed to invest TL 25.000 in the Development Participation Venture Capital Investment Fund, TL 15.000 in the Innovative and Advanced Technologies Participation Venture Capital Investment Fund and USD 1,5 Million in the Development ODTÜ Teknokent Venture Capital Investment Fund of which the Bank’s subsidiary Development Private Equity Portfolio Management is the founder and manager. A capital share payment of TL 295 on 28 July 2021, TL 2.500 on 27 December 2021, TL 8.920 on 25 August 2022 to the Participation Venture Capital Investment Fund; TL 131 on 28 July 2021, TL 1.500 on 27 December 2021, TL 13.569 on 23 December 2022 to the Innovative and Advanced Technologies Participation Venture Capital Investment Fund and USD 1,5 Million on 28 December 2022 to the Development ODTÜ Teknokent Venture Capital Investment Fund have been made and as of the balance sheet date, TL 13.285 of the total commitment to these funds has not been paid yet.

The Parent Bank has committed to invest TL 200.000 in the TKYB Capital Fund, of which Turkey Development Fund is the founder and Development Venture Capital Portfolio Management Inc. is the manager. Capital share payments of TL 2.401 on 30 September 2021, TL 297 on 26 November 2021, TL 28.122 on 3 January 2022, TL 142 on 20 January 2022, TL 1.020 on 3 February 2022, TL 8.263 on 29 March 2022 and TL 4.405 on 30 March 2022, TL 1.072 on 14 April 2022, TL 5.085 on 23 May 2022, TL 1.029 on 1 July 2022, TL 1.138 on 6 July 2022, TL 1.837 on 1 August 2022, TL 6.040 on 8 August 2022, TL 289 on 22 August 2022, TL 2.739 on 16 September 2022, TL 18.741 on 12 October 2022, TL 284 on 18 October 2022 and TL 2.474 on 31 October 2022 have been made. As of the balance sheet date, TL 114.622 of the total commitment to the fund has not been paid yet.

4. Services supplied on behalf of others

The Parent Bank does not act as an intermediary for purchases and sales of securities on behalf of others and provides custody services.

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. Explanations and Notes Related to Statement of Consolidated Profit or Loss:

1.a) Information related to interest income on loans:

	Current Period (31.12.2022)		Prior Period (31.12.2021)	
	TL	FC	TL	FC
Interest on loans ^(*)				
Short term loans	223	6.958	4.507	1.168
Medium and long term loans	743.870	2.276.404	276.113	1.032.083
Interest on non-performing loans	99.063	-	60.092	-
Total	843.156	2.283.362	340.712	1.033.251

(*) Includes fees and commissions received from cash-loans.

1.b) Information related to interest income on banks:

	Current Period (31.12.2022)		Prior Period (31.12.2021)	
	TL	FC	TL	FC
From Central Bank of the Republic of Turkey	-	-	-	-
From domestic banks	1.002.350	31.462	354.114	18.576
From foreign banks	-	847	-	13
From foreign head offices and branches	-	-	-	-
Total	1.002.350	32.309	354.114	18.589

1.c) Information related to interest income on marketable securities:

	Current Period (31.12.2022)		Prior Period (31.12.2021)	
	TL	FC	TL	FC
Financial assets measured at fair value through profit and loss	18	-	-	-
Financial assets measured at fair value through other comprehensive income	515.243	171.835	132.322	48.928
Financial assets measured at amortised cost	1.008.614	178.526	27.699	124.865
Total	1.523.875	350.361	160.021	173.793

1.ç) Information related to interest income from associates and subsidiaries:

None.

1.d) Information on interest income from money market transactions:

	Current Period (31.12.2022)		Prior Period (31.12.2021)	
	TL	FC	TL	FC
Money market transactions	452.287	581	7.841	-
Reverse repurchase agreements	2.663	-	131.764	-
Total	454.950	581	139.605	-

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. Explanations and Notes Related to Statement of Consolidated Profit or Loss (Continued):

2.a) Information related to interest expense on borrowings:

	Current Period (31.12.2022)		Prior Period (31.12.2021)	
	TL	FC	TL	FC
Banks(*)	576.410	15.077	175.943	631
Central Bank of the Republic of Turkey	576.410	-	175.943	-
Domestic banks	-	122	-	631
Foreign banks	-	14.955	-	-
Foreign head office and branches	-	-	-	-
Other Institutions(*)	802.473	1.553.805	3.453	592.468
Total	1.378.883	1.568.882	179.396	593.099

(*) Includes fees and commissions payable to cash-loans.

2.b) Information related to interest expenses to associates and subsidiaries:

None.

2.c) Information related to interest on securities issued:

	Current Period (31.12.2022)		Prior Period (31.12.2021)	
	TP	FC	TP	FC
Interest Paid On Issued Securities	-	27.463	-	-

2.ç) Information related to interest on money market transactions:

	Current Period (31.12.2022)		Prior Period (31.12.2021)	
	TL	FC	TL	FC
Money market transactions	28	-	525	-
Repurchase agreements	269.789	-	39.912	-
Total	269.817	-	40.437	-

2.d) Leasing interest expenses:

	Current Period (31.12.2022)		Prior Period (31.12.2021)	
	TL	FC	TL	FC
Immovables	1.944	-	2.225	-
Movables	533	-	273	-
Total	2.477	-	2.498	-

3. Information related to dividend income:

	Current Period (31.12.2022)	Prior Period (31.12.2021)
Financial assets measured at fair value through profit and loss	43.446	92.330
Financial assets measured at fair value through other comprehensive income	3.475	784
Other	1.019	12.860
Total	47.940	105.974

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. Explanations and Notes Related to Statement of Consolidated Profit or Loss (Continued):

4. Information related to trading income/loss:

	Current Period (31.12.2022)	Prior Period (31.12.2021)
Gain	1.887.151	1.209.889
Gains on capital market operations	116.149	25.397
Gains on derivative financial instruments	1.610.506	676.760
Foreign exchange gains	160.496	507.732
Loss (-)	(1.833.265)	(1.140.736)
Losses from the capital market operations	(11.173)	(5.059)
Losses on derivative financial instruments	(1.320.916)	(677.504)
Foreign exchange losses	(501.176)	(458.173)

5. Information related to other operating income:

	Current Period (31.12.2022)	Prior Period (31.12.2021)
Income from sale of assets	28.039	60.608
Reversals from prior years' provisions	80.459	32.050
Other	37.177	13.519
Total	145.675	106.177

In general, the Parent Bank's other operating income consists of cancellations of expected loss provisions, premium-dividend provisions allocated in previous years and income from sales of assets.

6. Group's expected credit loss expenses and other provision expenses:

	Current Period (31.12.2022)	Prior Period (31.12.2021)
Expected credit loss provisions	495.232	488.182
12 month expected credit loss (Stage 1)	259.524	55.057
Significant increase in credit risk (Stage 2)	62.924	20.520
Non-performing Loans (Stage 3)	172.784	412.605
Marketable securities impairment expense	86.951	-
Financial assets measured at fair value through profit or loss	86.818	-
Financial assets measured at fair value through other comprehensive income	133	-
Subsidiaries, associates and joint ventures provision expenses for impairment	-	-
Associates	-	-
Subsidiaries	-	-
Joint ventures	-	-
Other provision expenses	99.882	44.224
Total	682.065	532.406

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. Explanations and Notes Related to Statement of Consolidated Profit or Loss (Continued):

7. Information related to other operating expenses:

	Current Period (31.12.2022)	Prior Period (31.12.2021)
Provision for employee termination benefits ^(*)	10.907	5.830
Provision expense for bank social aid fund deficits	-	-
Fixed assets impairment charges	-	-
Depreciation charges of fixed assets	12.654	8.064
Intangible assets impairment charges	-	-
Goodwill impairment charges	-	-
Amortization charges of intangible assets	5.243	3.972
Impairment charges on investments accounted for at equity method accounting	-	-
Impairment charges of assets that will be disposed	-	-
Amortization charges of assets that will be disposed	-	-
Impairment charges for non-current assets held for sale and discontinued operations	-	-
Other operating expenses	53.524	24.789
Leasing expenses related to TFRS 16 exceptions	136	107
Maintenance expenses	171	376
Advertisement expenses	75	61
Other expenses ^(**)	53.142	24.245
Loss on sale of assets	-	-
Other ^(***)	44.128	24.433
Total	126.456	67.088

(*) Provision for severance pay and provision for short term employee benefits are shown in the Other Provisions Expenses line in the statement of profit or loss.

(**) TL 1.875 of other expenses is from cleaning expenses (31 December 2021: TL 1.367), TL 8.434 is from communication expenses (31 December 2021: TL 4.497), TL 8.760 is from computer usage expenses (31 December 2021: TL 4.880), TL 1.315 is from heating, lighting and water expenses (31 December 2021: TL 275), TL 11.071 is from vehicle expenses (31 December 2021: TL 3.909), TL 747 amount consists of dues (31 December 2021: TL 595), TL 6.713 amount consists of common expenses (31 December 2021: TL 2,594), TL 2.603 is from insurance expenses (31 December 2021: TL 1.508), TL 2.241 is from miscellaneous expenses (31 December 2021: TL 707), and the remaining amount is TL 9.383 (31 December 2021: TL 3.913) consists of other miscellaneous expenses.

(***)The part of the Other amounting to TL 23.113 is from taxes, duties, fees and fund expenses (31 December 2021: TL 12.435), TL 10.830 is from audit and consultancy fees (31 December 2021: TL : 5.121), TL 5.615 is from BRSA participation share (31 December 2021 : TL 3.988) and the remaining amount of TL 4.570 (31 December 2021: TL 2.889) consists of other miscellaneous expenses.

8. Announcement of the fees related to the services received from the independent auditor or independent audit firm:

By the decision of the POA dated 26 March 2021, the fee information for the reporting period regarding the services received from the independent auditor or the independent audit firm is given in the table below, excluding VAT amounts.

	Current Period (31.12.2022)	Prior Period (31.12.2021)
Independent audit fee for the reporting period	1.198	713
Fee for tax advisory services	113	81
Fee for other assurance services	212	98
Fees for services other than independent auditing	89	-
Total	1.612	892

9. Information related to operating profit/loss before taxes:

As of 31 December 2022, the Group’s income before tax from the continuing operations is TL 2.332.709 (31 December 2021: TL 1.015.023) and the Group has no discontinued operations.

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. Explanations and Notes Related to Statement of Consolidated Profit or Loss (Continued):

10. Information related to tax provisions for taxes:

As of 31 December 2022, the Group’s income tax provision from continuing operations amounting to TL 632.311, (31 December 2021: TL 198.556) consists of TL 774.028 of current tax charge (31 December 2021: TL 257.424), TL 141.717 of deferred tax income effect (31 December 2021: TL 58.868).

11. Information related to net operating income after taxes:

The Group has earned net profit of TL 1.700.398 from continuing operations between 1 January 2022 and 31 December 2022 (1 January 2021-31 December 2021: TL 816.467).

12. Information on net profit/loss:

12.a) The nature and amount of income and expenses from ordinary banking operations, if their nature, amount and frequency are required for the complete understanding of the performance of the Bank in the current period:

None.

12.b) The effect of the change in accounting estimates to the net profit/loss; including the effects to the future period, if any:

There are no changes in accounting estimates.

13. If the other items in the income statement exceed 10 % of the income statement total, sub-accounts amounting to at least 20 % of these items are presented below:

The total amount of other fees and commissions received in the statement of profit or loss as of 31 December 2022 is TL 62.136 (31 December 2021: TL 49.183). TL 44.802 (31 December 2021: TL 20.393) of this amount is investment banking services income.

The total amount of other fees and commissions given in the statement of profit or loss as of TL 21.459 (31 December 2021: TL 15.960). TL 6.656 (31 December 2021: TL 8.037) of this amount is credit guarantee fund limit commissions, TL 10.382 (31 December 2021: 3.549 TL) of this amount is stock market transaction commissions and TL 1.901 (31 December 2021: TL 1.901) is listing fees.

14. Profit / Loss of Minority Rights:

None.

V. Explanations and Notes Related to Statement of Changes in Shareholders' Equity:

In legal records, paid-in capital is TL 2.500.000 (31 December 2021: TL 2.000.000). As of the balance sheet date, the balance of legal reserves is TL 135.300 (31 December 2021: TL 94.604), the balance of extraordinary reserves is TL 2.088.274 (31 December 2021: TL 1.315.798) and the balance of other legal reserves is TL 54.226 (31 December 2021: TL 53.474).

The fair value difference of TL 160.037, which is the entire amount of valuation difference of securities, results from the change in value of financial assets measured at fair value through other comprehensive income.



TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

VI. Explanations and Notes Related to Consolidated Statement Cash Flows:

1. Explanations related to “other” items and “effect of change in foreign currency rates on cash and cash equivalents” in statement of cash flows:

Net cash inflows from the Parent Bank's banking activities amount to TL 11.723.319 (31 December 2021: TL 362.436). TL 10.431.335 (31 December 2021: TL (393.755)) of the net cash inflows arising from banking activities is due to the change of active and passive accounts; TL 1.291.984 (31 December 2021: TL 756.191) arises from operating profit. Funds from which “Net Increase (Decrease) in Other Payables” item, which is included in the exchange of active and passive accounts, originates from changes in repo transactions, various debts, other foreign resources and taxes to be paid, changes in pictures, fees and premiums and is TL 8.766.658 (31 December 2021: TL 1.462.285). The “Other” item included in the operating profit is composed of items such as wages and commissions, other operating expenses except commercial profit / loss and personnel expenses, and it has been TL (1.123.762) (31 December 2021: TL (432.408)).

There is cash inflow from financing activities due to cash capital inflow and subordinated loan in 2022.

The effect of change in foreign currency rates on cash and cash equivalents is calculated by converting original currencies of cash and cash equivalents into TL using rates for both beginning and end of the period. The effect for the current period is calculated as TL 766.822 (31 December 2021: TL 614.449).

2. Cash and cash equivalents at the beginning of the period:

	Current Period (31.12.2021)	Prior Period (31.12.2020)
Cash	34.504	26.876
Cash in TL and foreign currencies	24	10
Demand deposits at banks and Central Bank of the Republic of Turkey	34.480	26.866
Cash equivalents	4.227.741	5.030.503
Interbank money market	990.878	1.500.000
Time deposits at banks	3.236.863	3.530.503
Total cash and cash equivalents	4.262.295	5.057.379

The total value of the transactions in prior period is the sum of current periods cash and cash equivalents.

3. Cash and cash equivalents at the end of the period:

	Current Period (31.12.2022)	Prior Period (31.12.2021)
Cash	69.598	34.504
Cash in TL and foreign currencies	45	24
Demand deposits at banks and Central Bank of the Republic of Turkey	69.553	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	15.299.352	4.262.295

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements As of 31 December 2022

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

VII. Explanations Related to Risk Group of the Parent Bank:

Predicted limitations determined in the Banking Law are maintained through internal regulations in the Parent Bank which has no transactions related to deposit acceptance. For the transactions with risk groups, normal customer relationships and market conditions are taken into account. The Group adopts policies that restrict the balance of transactions with risk groups in total assets and liabilities. Practices are carried out in accordance with this policy.

a) Current Period:

Risk Group	Subsidiaries, Associates and Jointly Controlled Entities (Joint Ventures)		Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans	-	-	-	-	-	-
Beginning Balance	3.834	-	-	-	-	-
Closing Balance ^(*)	3.859	-	-	-	-	-
Interest and Commissions Income	-	-	-	-	-	-

^(*) TL 3.859 of loan disbursed to Arıcaık A.Ş., a subsidiary of the Bank, has been followed in Group V. For this loan, TL 3.859 is set aside for the expected loss in the third stage.

b) Prior Period:

Risk Group	Subsidiaries, Associates and Jointly Controlled Entities (Joint Ventures)		Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans	-	-	-	-	-	-
Beginning Balance	3.759	-	-	-	-	-
Closing Balance ^(*)	3.834	-	-	-	-	-
Interest and Commissions Income	-	-	-	-	-	-

^(*) TL 3.834 of loan disbursed to Arıcaık A.Ş., a subsidiary of the Bank, has been followed in Group V. For this loan, TL 3.834 is set aside for the expected loss in the third stage.

c) Information on forward transactions, option contracts and similar other transactions between the Parent Bank and its risk groups:

None.

d) Information on remuneration and benefits provided for the senior management of the Parent Bank:

Total amount of benefits provided to the top management of the group is TL 21.540 (31 December 2021: TL 11.736).

VIII. Explanations Related to Domestic, Foreign, Off-shore Branches and Representative Offices Abroad:

None.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements As of 31 December 2022

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SECTION SIX

I. Other Explanations Related to Operations of the Parent Bank:

a) The summary of information on the Parent Bank's rating by International Rating Agencies:

The international ratings of the Parent Bank are performed by Fitch on 26 July 2022.

	2022
Foreign Currency Commitments	
Long Term	B
Short Term	B
Outlook	Negative
Turkish Lira Commitments	
Long Term	B
Short Term	B
Outlook	Negative
National	
Long Term	AAA(TUR)
Government Support Note	b
Outlook	Negative

	2021
Foreign Currency Commitments	
Long Term	BB-
Short Term	B
Outlook	Negative
Turkish Lira Commitments	
Long Term	BB-
Short Term	B
Outlook	Negative
National	
Long Term	AAA(TUR)
Outlook	Negative
Individual Rating	3
Support Points	BB-

II. Explanations and Notes Related to Subsequent Events:

On 6 February 2023, due to the earthquakes centered in Kahramanmaraş, which affected many provinces and shook our entire country, it was decided to declare a state of emergency for three months in the provinces of Adana, Adıyaman, Diyarbakır, Gaziantep, Hatay, Kahramanmaraş, Kilis, Malatya, Osmaniye and Şanlıurfa in accordance with the Official Gazette No. 32098 dated 8 February 2023.

Developments regarding this natural disaster are being closely monitored and efforts to determine the situation are ongoing.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements As of 31 December 2022

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION SEVEN

INDEPENDENT AUDITORS' REPORT

I. Explanations on Independent Auditors' Report:

The Parent Bank's consolidated financial statements as of and for the period ended 31 December 2022 have been audited by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. and the audit report dated 9 February 2023 is presented at the beginning of the financial statements and related notes.

II. Explanations and Notes Prepared by Independent Auditor:

None.

THE DEVELOPMENT AND INVESTMENT BANK OF TÜRKİYE



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