

# **Türkiye Sınai Kalkınma Bankası Anonim Şirketi**

## **Independent Auditor's Audit Report, Unconsolidated Financial Statements And Notes For The Year Ended December 31, 2023**

(Convenience Translation of the Auditor's Audit Report Originally Issued in  
Turkish)

## **Convenience Translation of the Auditor’s Audit Report Originally Issued in Turkish**

### **Independent Auditors’ Report on Audit of Unconsolidated Financial Statements**

#### **To the General Assembly of Türkiye Sınai Kalkınma Bankası A.Ş.;**

#### **Qualified Opinion**

We have audited the unconsolidated statement of financial position of Türkiye Sınai Kalkınma Bankası A.Ş. (“the Bank”) at December 31, 2023 and the related unconsolidated statement of profit or loss, unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in shareholders’ equity, unconsolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the unconsolidated financial statements.

In our opinion, except for the effects of the matter on the unconsolidated financial statements described in the Basis of for Qualified Opinion paragraph, the accompanying unconsolidated financial statements present fairly, in all material respects, the unconsolidated financial position of the Türkiye Sınai Kalkınma Bankası A.Ş. as at December 31, 2023 and unconsolidated financial performance and unconsolidated its cash flows for the year then ended in accordance with the Banking Regulation and Supervision Agency (“BRSA”) Accounting and Financial Reporting Legislation which includes “Regulation on Accounting Applications for Banks and Safeguarding of Documents” published in the Official Gazette no.26333 dated November 1, 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by BRSA and Turkish Financial Reporting Standards (“TFRS”) for those matters not regulated by the aforementioned regulations.

#### **Basis of Qualified Opinion**

As explained in Note 7 of the Explanations and Disclosures related to the Liabilities, the accompanying unconsolidated financial statements as at December 31, 2023 include a free provision amounting to thousand TL 1.750.000 of which thousand TL 900.000 which was provided in prior years and thousand TL 850.000 was provided in 2023 by the Bank management, for the possible effects of the negative circumstances which may arise in the economy or market conditions. Since the above mentioned provisions do not meet the accounting requirements of TAS 37 "Provisions, Contingent Liabilities and Contingent Assets", "Other Provisions" for the year ended 31 December 2023 are overstated by thousand TL 1.750.000, "Prior Years' Profit/Loss" and “Current Year Profit/Loss" for the twelve-month period ending on December 31, 2023 are understated by thousand TL 900.000 and thousand TL 850.000 respectively.

Our audit was conducted in accordance with “Regulation on independent audit of the Banks” published in the Official Gazette no.29314 dated April 2, 2015 by BRSA (BRSA Independent Audit Regulation) and Independent Auditing Standards (“ISA”) which are the part of Turkish Auditing Standards issued by the Public Oversight Accounting and Auditing Standards Authority (“POA”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with of Code of Ethics for Independent Auditors (Code of Ethics) published by POA and have fulfilled our other responsibilities in accordance with the code of ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the unconsolidated financial statements of the current period. Key audit 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. In addition to the matter described in the Basis for Qualified Opinion section we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How the matter is addressed in our audit
<b><i>Related important disclosures about recognition and impact of impairment on financial assets in accordance with TFRS 9</i></b>	
<p>As presented in Section 3 disclosure VIII the Bank calculates expected credit losses of financial assets in accordance with TFRS 9 “Financial Instruments”. We considered the TFRS 9 impairment of financial assets as a key audit matter since:</p> <ul style="list-style-type: none"> <li>- Amount of on and off-balance sheet items that are subject to expected credit loss calculation is material to the financial statements.</li> <li>- There are complex and comprehensive requirements of TFRS 9</li> <li>- The classification of the financial assets is based on the Bank’s business model and characteristics of the contractual cash flows in accordance with TFRS 9 and the Bank uses significant judgment on the assessment of the business model and identification of the complex contractual cash flow characteristics of financial instruments.</li> <li>- Policies implemented by the Bank management include compliance risk to the regulations and other practices.</li> <li>- Processes of TFRS 9 are advanced and complex.</li> <li>- Judgements and estimates used in expected credit loss calculation are new, complex and comprehensive.</li> <li>- Disclosure requirements of TFRS 9 are comprehensive and complex.</li> </ul>	<p>In addition to our current audit procedures, our audit procedures are:</p> <ul style="list-style-type: none"> <li>- Evaluating the appropriateness of accounting policies as to the requirements of TFRS 9, Bank’s past experience, local and global practices.</li> <li>- Reviewing and testing of new or structured processes which are used to calculate expected credit losses by involving our Information technology and Process audit specialists.</li> <li>- Evaluation of the reasonableness and appropriateness of the key judgments and estimates determined by the management and the methods, judgments and data sources used in the expected loss calculation, taking into account the standard requirements, industry and global practices</li> <li>- Reviewing the appropriateness of criteria in order to identify the financial assets having solely payments of principal and interest and checking the compliance to the Bank’s Business model.</li> <li>- Assessing the appropriateness of definition of significant increase in credit risk, default criteria, modification, probability of default, loss given default, exposure at default and forward looking assumptions together with the significant judgements and estimates used in these calculations to regulations and bank’s past performance. Evaluating the alignment of those forward looking parameters to Bank’s internal processes where applicable.</li> <li>- Assessing the completeness and the accuracy of the data used for expected credit loss calculation.</li> <li>- Testing the mathematical accuracy of expected credit loss calculation on sample basis.</li> <li>- Evaluating the judgments and estimates used for the individually assessed financial assets.</li> <li>- Evaluating the accuracy and the necessity of post-model adjustments.</li> <li>- Auditing of TFRS 9 disclosures.</li> </ul>



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Key Audit Matter	How the matter is addressed in our audit
<b><i>Pension Fund Obligations</i></b>	
<p>Employees of the Bank are members of “TSKB A.Ş. Memur ve Müstahdemleri Yardım ve Emekli Vakfı”, (“the Fund”), which is established in accordance with the temporary Article 20 of the Social Security Act No. 506 and related regulations. The Fund is a separate legal entity and foundation recognized by an official decree, providing all qualified employees with pension and post-retirement benefits. As disclosed in Section Three Note XVI the “Explanations on Liabilities regarding employee benefits” to the financial statements, Banks will transfer their pension fund to the Social Security Institution and the President has been authorized to determine the transfer date.</p> <p>The Bank’s present value of the liabilities of TSKB A.Ş. Memur ve Müstahdemleri Yardım ve Emekli Vakfı fund, subject to the transfer to the Social Security Institution of the Pension Fund as of December 31, 2023 has been calculated by an independent actuary in accordance with the actuarial assumptions in the Law and as per actuarial report dated January 15, 2024, there is no need for technical or actual deficit to book provision as of December 31, 2023.</p> <p>The valuation of the Pension Fund liabilities requires judgment in determining appropriate assumptions such as defining the transferrable social benefits, discount rates, salary increases, demographic assumptions, inflation rate estimates and the impact of any changes in individual pension plans. The Bank Management uses Fund actuaries to assist in assessing these assumptions.</p> <p>Considering the subjectivity of key assumptions and estimate used in the calculations of transferrable liabilities and the effects of the potential changes in the estimates used together with the uncertainty around the transfer date and given the fact that technical interest rate is prescribed under the law, we considered this to be a key audit matter.</p>	<p>It has been addressed whether there have been any significant changes in regulations governing pension liabilities, employee benefits plan during the period, that could lead to adjust the valuation of employee benefits. Support from actuarial expert who is in the same audit network within our firm, has been taken to assess the appropriateness of the actuarial assumptions and calculations performed by the external actuary.</p> <p>We further focused on the accuracy and adequacy of the deficit and also disclosures on key assumptions related to pension fund as well as footnotes to significant assumptions.</p>

Key Audit Matter	How the matter is addressed in our audit
<b><i>Derivative Financial Instruments</i></b>	
<p>Derivative financial instruments including foreign exchange contracts, currency and interest rate swaps, currency and interest rate options, futures and other derivative financial instruments which are held for trading are initially recognized on the statement of financial position at fair value and subsequently are re-measured at their fair value. Details of related amounts are explained in Section Five Note I.2.c Positive differences related to derivative financial assets and Section Five Note II.2 Negative differences related to derivative financial liabilities disclosures.</p> <p>Fair value of the derivative financial instruments is determined by selecting most convenient market data and applying valuation techniques to those particular derivative products. Derivative Financial Instruments are considered by us as a key audit matter because of the subjectivity in the estimates, assumptions and judgements used.</p>	<p>Our audit procedures involve obtaining written confirmations from the third parties and comparing the details of the related derivative transactions. Our audit procedures included among others involve reviewing policies regarding fair value measurement accepted by the bank management fair value calculations of the selected derivative financial instruments which is carried out by valuation experts in our audit team and the assessment of used estimations and the judgements and testing operating effectiveness of the key controls in the process of fair value determination.</p> <p>Our procedures included, amongst others, recalculating fair value calculation and disclosures relating to derivative financial instruments considering the requirements of Turkey Accounting Standards ("TAS") and Turkey Financial Reporting Standards ("TFRS").</p>

### **Responsibilities of Management and Directors for the Unconsolidated Financial Statements**

The Bank 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 the financial statement that is 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**

In an independent audit, the responsibilities of us as independent auditors are:

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 Independent Audit Regulation and ISAs 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 financial statements.

As part of an audit in accordance with BRSA Independent Audit Regulation and ISAs, we exercise professional judgement 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 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 government 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, related safeguards.

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.



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#### **Report on Other Legal and Regulatory Requirements**

- 1) In accordance with Article 402 paragraph 4 of the Turkish Commercial Code (“TCC”) no 6102; no significant matter has come to our attention that causes us to believe that the Bank’s bookkeeping activities and financial statements for the period January 1 – December 31, 2023 are not in compliance with the TCC and provisions of the Bank’s articles of association in relation to financial reporting.
- 2) In accordance with Article 402 paragraph 4 of the TCC; the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

The engagement partner who supervised and concluded this independent auditor’s report is Fatma Ebru Yücel.

Güney Başkent – Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi  
A member firm of Ernst & Young Global Limited



Fatma Ebru Yücel, SMMM  
Partner

February 5, 2024  
İstanbul, Türkiye



**THE UNCONSOLIDATED FINANCIAL REPORT OF  
TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.  
FOR THE YEAR ENDED 31 DECEMBER 2023**

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The unconsolidated financial report for the year end includes the following sections in accordance with “Communiqué on the Financial Statements and Related Explanation and Notes that will be made Publicly Announced” as sanctioned by the Banking Regulation and Supervision Agency:

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


The accompanying unconsolidated financial statements and the explanatory footnotes and disclosures in this report, unless otherwise indicated, are prepared in **thousands of Turkish Lira (“TL”)**, in accordance with the Communiqué on Bank’s Accounting Practice and Maintaining Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, related communiqués and the Bank’s records, and have been independently audited and presented as attached.

5 February 2024

  
**Adnan BALI**  
  
**Murat BİLGİÇ**

**Chairman of  
Board of Directors**


**Member of  
Board of Directors  
and General Manager**

  
**Engin TOPALOĞLU**

**Executive Vice President  
In Charge of Financial  
Reporting**

  
**Dilek PEKCAN MIŞE**

**Head of Financial  
Control Department**

  
**Gamze YALÇIN**  
**Chairman of Audit Committee**

  
**Bahattin ÖZARSLANTÜRK**  
**Member of Audit Committee**

Contact information of the personnel in charge for addressing questions about this financial report:

**Name-Surname / Title** : Gizem Pamukçuoğlu / Head of Financial Institutions and Investor Relations  
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**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

(Amounts are expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**SECTION ONE**

**GENERAL INFORMATION**

**I. The Bank's incorporation date, beginning status, changes in the existing status**

Türkiye Sınai Kalkınma Bankası A.Ş. ("The Bank") was established in accordance with the decision of President of the Republic of Turkey numbered 3/11203 on May 12, 1950. This decision was declared by T.R. Office of Prime Ministry Procedures Directorate Decision Management on May 12, 1950.

According to the classification set out in the Banking Law No: 5411, the status of the Bank is "Development and Investment Bank". The Bank does not have the license of "Accepting Deposit". Since the establishment date of the Bank, there is no change in its "Development and Investment Bank" status.

**II. Explanations regarding the Bank's shareholding structure, shareholders holding directly or indirectly, collectively or individually, the managing and controlling power and changes in current year, if any and explanations on the controlling group of the Bank**

Türkiye İş Bankası A.Ş. has the authority of managing and controlling power of the Bank directly or indirectly, alone or together with other shareholders. Shareholders of the Bank are as follows:

<b>Current Period</b>	<b>Share</b>	<b>Shareholding</b>	<b>Paid in</b>	<b>Unpaid</b>
<b>Name Surname/Commercial Title</b>	<b>Capital</b>	<b>Rate (%)</b>	<b>Capital</b>	<b>Capital</b>
T. İş Bankası A.Ş. Group (*)	1.438.281	51,37	1.438.281	-
T. Vakıflar Bankası T.A.O.	234.569	8,38	234.569	-
Under Custody at Merkezi Kayıt Kuruluşu (Other Institutions and Individuals)	1.127.150	40,26	1.127.150	-
<b>Total</b>	<b>2.800.000</b>	<b>100,00</b>	<b>2.800.000</b>	<b>-</b>

<b>Prior Period</b>	<b>Share</b>	<b>Shareholding</b>	<b>Paid in</b>	<b>Unpaid</b>
<b>Name Surname/Commercial Title</b>	<b>Capital</b>	<b>Rate (%)</b>	<b>Capital</b>	<b>Capital</b>
T. İş Bankası A.Ş. Group	1.441.989	51,49	1.441.989	-
T. Vakıflar Bankası T.A.O.	234.570	8,38	234.570	-
Under Custody at Merkezi Kayıt Kuruluşu (Other Institutions and Individuals)	1.123.441	40,13	1.123.441	-
<b>Total</b>	<b>2.800.000</b>	<b>100,00</b>	<b>2.800.000</b>	<b>-</b>

(\*) In the PDP statement dated 25.08.2023, İş Bank Group, the main shareholder of the Bank, was informed regarding the transfer of the subsidiaries and affiliate shares owned by İşbank to a joint stock company to be established as a 100% subsidiary of İş Bank Group with the same ownership ratio, within the framework of the relevant laws, regulations and other legislation. Within the scope of the statement, there will be no change in the partnership share ratios. The impact of the transfer process on the Bank is not expected.

The Bank shares are traded in Istanbul Stock Exchange ("BIST") since December 26, 1986. The Bank's 51,37 % of the shares belongs to İş Bank Group and 40,69 % of these shares are in free floating and traded in BIST Star Market with "TSKB" ticker.

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

(Amounts are expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**SECTION ONE (Continued)**  
**GENERAL INFORMATION (Continued)**

**III. Explanations regarding the chairman and the members of board of directors, audit committee, general manager and assistant general managers and their shares and responsibilities in the Bank**

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

Name Surname	Title (1)
Adnan Bali	Chairman of the Board of Directors
Ece Böri	Vice Chairman of the Board of Directors
Murat Bilgiç	Member of the Board of Directors and General Manager
Gamze Yalçın	Independent Member of the Board of Directors and Chairman of Audit Committee
Bahattin Özarslantürk	Independent Member of the Board of Directors and Member of Audit Committee
Mithat Rende	Member of the Board of Directors
Murat Doğan	Member of the Board of Directors
Celal Caner Yıldız	Member of the Board of Directors
Abdi Serdar Üstünsalih	Member of the Board of Directors
M. Sefa Pamuksuz (2)	Independent Member of the Board of Directors
Cengiz Yavilioğlu	Member of the Board of Directors

**General Manager and Vice Presidents (3)**

Name Surname	Title / Area of Responsibility
Murat Bilgiç	General Manager
Seyit Hüseyin Gürel (4)	Executive Vice President-Consulting Services Sales, Financial and Technical Consulting, Loan Allocation, Loan Structuring and Analysis, Engineering
Hasan Hepkaya	Executive Vice President- Corporate Banking Sales, Project Finance, Corporate Banking Marketing
Meral Murathan	Executive Vice President- Treasury, Financial Institutions and Investor Relations, Development Finance Institutions, Economic Research
Engin Topaloğlu	Executive Vice President-Financial Control, Budget and Planning, Purchasing and Financial Affairs Management
Özlem Bağdatlı	Executive Vice President – Human Resources, Legal Affairs, Retirement and Supplementary Foundations
Mustafa Bilinç Tanağardı	Executive Vice President – Application Development, System Support and Operation, Enterprise Architecture and Process Management
Poyraz Koğacıoğlu	Executive Vice President – Corporate Finance

(1) The shares held by the above-mentioned persons in the Bank are symbolic.

(2) Member of the Board of Directors Mr. Hüseyin Yalçın resigned from his position. At the meeting of the Board of Directors of the Bank held on March 21, 2023, Decided to elect Mr. M. Sefa Pamuksuz to the vacant Board of Directors membership within the framework of Article 363 of the Turkish Commercial Code is given.

(3) As of February 28, 2023, Mr. A. Ferit Eraslan, Executive Vice President of our Bank; Mr. Hakan Aygen has resigned from his position due to retirement as of August 31, 2023.

(4) At the meeting of the Board of Directors of our Bank dated August 28, 2023; It has been decided to appoint Mr. Seyit Hüseyin Gürel as the Deputy General Manager.

According to the regulations on auditing in Articles 397-406 of the Turkish Commercial Code numbered 6102, Güney Bağımsız Denetim ve Serbest Muhasebeci ve Mali Müşavirlik A.Ş. has been elected as the independent auditor for the year 2023 in the General Assembly Meeting held on March 28, 2023.

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

(Amounts are expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**SECTION ONE (Continued)**

**GENERAL INFORMATION (Continued)**

**IV. Information about the persons and institutions that have qualified shares in the Bank**

Explanation about the people and institutions that have qualified shares control the Bank's capital directly or indirectly are described in General Information Section II.

**V. Summary on the Bank's functions and areas of activity**

Türkiye Sınai Kalkınma Bankası A.Ş. is the first private development and investment bank which was established by the Council of Ministers resolution number of 3/11203 established in 1950 with the support of World Bank, Government of Republic of Turkey, Central Bank of Republic of Turkey and commercial banks. As per the articles of association published in the Official Gazette on June 2, 1950, the aim of the Bank is to support all private sector investments but mostly industrial sectors, to help domestic and foreign capital owners to finance the new firms and to help the improvement of Turkish capital markets. The Bank is succeeding its aims by financing, consulting, giving technical support and financial intermediary services. The Bank, which operates as a non-deposit accepting bank, played a major role on manufacturing and finance sectors in every phase of the economic development of Turkey. The Bank started its journey in 1950 financing the private sector investments in Turkey and today it provides loans and project finance with the goal of sustainable development to corporations in different fields. As a leader in meeting the long term financing needs of the private sector, the Bank also continues to offer solutions with respect to the newest needs and client demands.

**VI. Differences between the Communiqué on Preparation of Consolidated Financial Statements of Banks and Turkish Accounting Standards and short explanation about the institution subject to line-by-line method or proportional consolidation and institutions which are deducted from equity or not included in these three methods**

Due to differences between the Communiqué on Preparation of Consolidated Financial Statements of Banks and Turkish Account Standards (TAS), the non-financial subsidiaries and associates, TSKB Gayrimenkul Değerleme A.Ş., TSKB Sürdürülebilirlik Danışmanlığı A.Ş., Terme Metal Sanayi ve Ticaret A.Ş. and Ege Tarım Ürünleri Lisanslı Depoculuk A.Ş. are not consolidated since they are not in scope of financial institutions according to related Communiqué.

The Bank and its financial institutions, Yatırım Finansman Menkul Değerler A.Ş., TSKB Gayrimenkul Yatırım Ortaklığı A.Ş. and Yatırım Varlık Kiralama A.Ş. which founded on September 20, 2019 as a subsidiary of Yatırım Finansman Menkul Değerler A.Ş. are included in the accompanying consolidated financial statements line by line consolidation method; İş Finansal Kiralama A.Ş., İş Girişim Sermayesi Yatırım Ortaklığı A.Ş. and İş Faktoring A.Ş. are included in the accompanying consolidated financial statements by equity method.

Financial institutions included in the consolidation are determined in accordance with "Communiqué on Preparation of Consolidated Financial Statements of Banks" published in the Official Gazette dated 8 November 2006 numbered 26340. The Bank has no partnership share on banks and financial institutions, with shareholding of more than 10% and deducted from capital.

**Yatırım Finansman Menkul Değerler A.Ş. :**

Yatırım Finansman Menkul Değerler A.Ş. ("YF") was established in 15 October 1976. The Company's purpose is to perform capital market operations specified in the Company's articles of association in accordance with the CMB and the related legislation. The Company was merged with TSKB Menkul Değerler A.Ş. on 29 December 2006. The share of Türkiye Sınai Kalkınma Bankası A.Ş. is 95,78%. The company's headquarters is located at Istanbul/Turkey.

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

(Amounts are expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**SECTION ONE (Continued)**

**GENERAL INFORMATION (Continued)**

**VI. Differences between the Communiqué on Preparation of Consolidated Financial Statements of Banks and Turkish Accounting Standards and short explanation about the institution subject to line-by-line method or proportional consolidation and institutions which are deducted from equity or not included in these three methods (continued)**

**TSKB Gayrimenkul Yatırım Ortaklığı A.Ş. :**

TSKB Gayrimenkul Yatırım Ortaklığı A.Ş. ("TSKB GYO") was established on 3 February 2006. Core business of the Company is real estate trust to construct and develop a portfolio of properties and make investment to capital market instruments linked to properties. The share of Türkiye Sınai Kalkınma Bankası A.Ş. is 88,74%. The company's headquarters is located at Istanbul/Turkey.

**İş Finansal Kiralama A.Ş. :**

İş Finansal Kiralama A.Ş. ("İş Finansal Kiralama") was established on 8 February 1988. The Company has been performing its operations in accordance with the Financial Leasing, Factoring and Financing Companies Law No 6361. The purpose of the Company is performing domestic and foreign financial leasing activities and all kind of rental (leasing) transactions within the framework of legislation. The share of Türkiye Sınai Kalkınma Bankası A.Ş. is 29,46%. The company's headquarters is located at Istanbul/Turkey.

**İş Faktoring A.Ş. :**

İş Faktoring A.Ş. ("İş Faktoring"), was incorporated in Turkey on 4 July 1993 and it has been performing its operations in accordance with the Financial Leasing, Factoring and Financing Companies Law No: 6361. The Company's main operation is domestic and export factoring transactions. The share of Türkiye Sınai Kalkınma Bankası A.Ş. is 21,75%. The company's headquarters is located at Istanbul/Turkey.

**İş Girişim Sermayesi Yatırım Ortaklığı A.Ş. :**

İş Girişim Sermayesi Yatırım Ortaklığı A.Ş. ("İş Girişim") started its venture capital operations by the decision of Capital Market Board dated 5 October 2000. The principal activity of the Company is to perform long-term investments to venture capital companies mainly established or to be established in Turkey, have development potential and require resource. The share of Türkiye Sınai Kalkınma Bankası A.Ş. is 16,67%. The Company's headquarters is located at Istanbul/Turkey.

**VII. The existing or potential, actual or legal obstacle on the transfer of shareholder's equity between the Bank and its subsidiaries or the reimbursement of liabilities**

There is no existing or potential, actual or legal obstacle to the reimbursement of liabilities between the Bank and its subsidiaries. The Bank charge or pay cost of the services according to the service agreements done between the Bank and its subsidiaries. Dividend distribution from shareholders' equity is made according to related legal regulations.

**Written policies of the Bank related to compliance to publicly disclosed obligations of the Bank and assessment of accuracy, frequency and compliance of mentioned disclosures**

The Bank's Disclosure Policy approved by the meeting of the Board of Directors has entered into force on 28 February 2014. Compliance to public disclosure obligations, frequency of public disclosures and tools and methods used for public disclosures are explained in the disclosure policy of the Bank accessible from the Bank's corporate website.

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.**  
**UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)**  
**AS OF 31 DECEMBER 2023**

(Amounts are expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

		Audited Current Period 31 December 2023			Audited Prior Period 31 December 2022		
ASSETS	Section 5 Note 1	TL	FC	Total	TL	FC	Total
<b>I. FINANCIAL ASSETS (NET)</b>		<b>12.079.389</b>	<b>15.072.800</b>	<b>27.152.189</b>	<b>10.461.460</b>	<b>12.874.948</b>	<b>23.336.408</b>
<b>1.1 Cash and Cash Equivalents</b>		<b>7.426.572</b>	<b>7.698.495</b>	<b>15.125.067</b>	<b>5.757.326</b>	<b>4.129.714</b>	<b>9.887.040</b>
1.1.1 Cash and Balances with Central Bank	(1)	8.682	2.934.142	2.942.824	18.958	2.778.981	2.797.939
1.1.2 Banks	(3)	819	4.765.002	4.765.821	20.454	1.351.308	1.371.762
1.1.3 Money Market Placements		7.417.408	-	7.417.408	5.718.471	-	5.718.471
1.1.4 Expected Credit Losses (-)		337	649	986	557	575	1.132
<b>1.2 Financial Assets at Fair Value Through Profit or Loss</b>	(2)	<b>279.883</b>	<b>-</b>	<b>279.883</b>	<b>-</b>	<b>-</b>	<b>-</b>
1.2.1 Government Debt Securities		-	-	-	-	-	-
1.2.2 Equity Instruments		-	-	-	-	-	-
1.2.3 Other Financial Assets		279.883	-	279.883	-	-	-
<b>1.3 Financial Assets at Fair Value Through Other Comprehensive Income</b>	(4)	<b>3.898.112</b>	<b>5.914.430</b>	<b>9.812.542</b>	<b>3.743.504</b>	<b>7.310.268</b>	<b>11.053.772</b>
1.3.1 Government Debt Securities		3.669.367	5.161.094	8.830.461	2.846.542	6.903.245	9.749.787
1.3.2 Equity Instruments		114.017	753.336	867.353	71.360	407.023	478.383
1.3.3 Other Financial Assets		-	-	-	825.602	-	825.602
<b>1.4 Derivative Financial Assets</b>	(2)	<b>474.822</b>	<b>1.459.875</b>	<b>1.934.697</b>	<b>960.630</b>	<b>1.434.966</b>	<b>2.395.596</b>
1.4.1 Derivative Financial Assets at Fair Value Through Profit or Loss		474.822	1.459.875	1.934.697	960.630	1.434.966	2.395.596
1.4.2 Derivative Financial Assets at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
<b>II. FINANCIAL ASSETS MEASURED AT AMORTIZED COST (NET)</b>		<b>17.126.421</b>	<b>123.677.102</b>	<b>140.803.523</b>	<b>12.946.934</b>	<b>74.654.449</b>	<b>87.601.383</b>
<b>2.1 Loans</b>	(5)	<b>12.619.452</b>	<b>117.065.644</b>	<b>129.685.096</b>	<b>9.008.274</b>	<b>70.885.506</b>	<b>79.893.780</b>
<b>2.2 Lease Receivables</b>	(10)	<b>34.052</b>	<b>418.318</b>	<b>452.370</b>	<b>34.615</b>	<b>345.616</b>	<b>380.231</b>
<b>2.3 Factoring Receivables</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2.4 Other Financial Assets Measured at Amortized Cost</b>	(6)	<b>8.392.539</b>	<b>10.501.573</b>	<b>18.894.112</b>	<b>6.195.613</b>	<b>6.630.368</b>	<b>12.825.981</b>
2.4.1 Government Debt Securities		8.392.539	10.501.573	18.894.112	6.195.613	6.630.368	12.825.981
2.4.2 Other Financial Assets		-	-	-	-	-	-
<b>2.5 Expected Credit Losses (-)</b>		<b>3.919.622</b>	<b>4.308.433</b>	<b>8.228.055</b>	<b>2.291.568</b>	<b>3.207.041</b>	<b>5.498.609</b>
<b>III. PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (NET)</b>	(16)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
3.1 Held for Sale Purpose		-	-	-	-	-	-
3.2 Related to Discontinued Operations		-	-	-	-	-	-
<b>IV. EQUITY INVESTMENTS</b>		<b>6.502.318</b>	<b>-</b>	<b>6.502.318</b>	<b>3.483.384</b>	<b>-</b>	<b>3.483.384</b>
<b>4.1 Investments in Associates (Net)</b>	(7)	<b>2.825.834</b>	<b>-</b>	<b>2.825.834</b>	<b>1.493.750</b>	<b>-</b>	<b>1.493.750</b>
4.1.1 Accounted Under Equity Method		2.825.834	-	2.825.834	1.493.750	-	1.493.750
4.1.2 Unconsolidated Associates		-	-	-	-	-	-
<b>4.2 Subsidiaries (Net)</b>	(8)	<b>3.676.484</b>	<b>-</b>	<b>3.676.484</b>	<b>1.989.634</b>	<b>-</b>	<b>1.989.634</b>
4.2.1 Unconsolidated Financial Subsidiaries		3.575.468	-	3.575.468	1.937.664	-	1.937.664
4.2.2 Unconsolidated Non-Financial Subsidiaries		101.016	-	101.016	51.970	-	51.970
<b>4.3 Entities under Common Control (Joint Venture) (Net)</b>	(9)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
4.3.1 Joint Ventures Valued Based on Equity Method		-	-	-	-	-	-
4.3.2 Unconsolidated Joint Ventures		-	-	-	-	-	-
<b>V. TANGIBLE ASSETS (Net)</b>	(12)	<b>450.137</b>	<b>-</b>	<b>450.137</b>	<b>196.705</b>	<b>-</b>	<b>196.705</b>
<b>VI. INTANGIBLE ASSETS (Net)</b>	(13)	<b>5.295</b>	<b>-</b>	<b>5.295</b>	<b>2.876</b>	<b>-</b>	<b>2.876</b>
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		5.295	-	5.295	2.876	-	2.876
<b>VII. INVESTMENT PROPERTY (Net)</b>	(14)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>VIII. CURRENT TAX ASSET</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>IX. DEFERRED TAX ASSET</b>	(15)	<b>1.446.999</b>	<b>-</b>	<b>1.446.999</b>	<b>710.021</b>	<b>-</b>	<b>710.021</b>
<b>X. OTHER ASSETS (Net)</b>	(17)	<b>383.877</b>	<b>139.699</b>	<b>523.576</b>	<b>145.950</b>	<b>98.645</b>	<b>244.595</b>
<b>TOTAL ASSETS</b>		<b>37.994.436</b>	<b>138.889.601</b>	<b>176.884.037</b>	<b>27.947.330</b>	<b>87.628.042</b>	<b>115.575.372</b>

The accompanying notes are an integral part of these unconsolidated financial statements.

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.**  
**UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)**  
**AS OF 31 DECEMBER 2023**

(Amounts are expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

LIABILITIES AND EQUITY	Section 5 Note II	Audited Current Period 31 December 2023			Audited Prior Period 31 December 2022		
		TL	FC	Total	TL	FC	Total
<b>I. DEPOSITS</b>	(1)	-	-	-	-	-	-
<b>II. FUNDS BORROWED</b>	(3)	175.418	106.675.692	106.851.110	-	70.814.085	70.814.085
<b>III. MONEY MARKET BALANCES</b>		256.137	2.224.922	2.481.059	186.307	1.256.559	1.442.866
<b>IV. MARKETABLE SECURITIES ISSUED (Net)</b>	(3)	-	32.227.091	32.227.091	-	21.047.752	21.047.752
4.1 Bills		-	-	-	-	-	-
4.2 Assets Backed Securities		-	-	-	-	-	-
4.3 Bonds		-	32.227.091	32.227.091	-	21.047.752	21.047.752
<b>V. BORROWER FUNDS</b>		132.820	1.349.660	1.482.480	27.907	709.826	737.733
5.1 Borrower Funds		132.820	1.349.660	1.482.480	27.907	709.826	737.733
5.2 Other		-	-	-	-	-	-
<b>VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		-	-	-	-	-	-
<b>VII. DERIVATIVE FINANCIAL LIABILITIES</b>	(2)	32.887	1.115.271	1.148.158	169.996	962.347	1.132.343
7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss		32.887	1.115.271	1.148.158	169.996	962.347	1.132.343
7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
<b>VIII. FACTORING LIABILITIES</b>		-	-	-	-	-	-
<b>IX. LEASE LIABILITIES</b>	(5)	127.296	-	127.296	2.245	-	2.245
<b>X. PROVISIONS</b>	(7)	1.872.459	180.126	2.052.585	993.190	49.640	1.042.830
10.1 Restructuring Provisions		-	-	-	-	-	-
10.2 Reverse for Employee Benefits		35.123	-	35.123	31.051	-	31.051
10.3 Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4 Other Provisions		1.837.336	180.126	2.017.462	962.139	49.640	1.011.779
<b>XI. CURRENT TAX LIABILITY</b>	(8)	894.735	-	894.735	551.910	-	551.910
<b>XII. DEFERRED TAX LIABILITY</b>	(8)	-	-	-	-	-	-
<b>XIII. LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)</b>	(9)	-	-	-	-	-	-
13.1 Held for Sale Purpose		-	-	-	-	-	-
13.2 Related to Discontinued Operations		-	-	-	-	-	-
<b>XIV. SUBORDINATED DEBT INSTRUMENTS</b>	(10)	-	6.043.090	6.043.090	-	3.829.127	3.829.127
14.1 Loans		-	6.043.090	6.043.090	-	3.829.127	3.829.127
14.2 Other Debt Instruments		-	-	-	-	-	-
<b>XV. OTHER LIABILITIES</b>	(4)	424.650	1.740.113	2.164.763	321.498	1.870.976	2.192.474
<b>XVI. SHAREHOLDERS' EQUITY</b>		21.357.317	54.353	21.411.670	13.048.337	(266.330)	12.782.007
16.1 Paid-in capital	(11)	2.800.000	-	2.800.000	2.800.000	-	2.800.000
16.2 Capital Reserves		14.658	-	14.658	374	-	374
16.2.1 Share Premium		-	-	-	-	-	-
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Other Capital Reserves		14.658	-	14.658	374	-	374
16.3 Accumulated Other Comprehensive Income or Loss Not Reclassified Through Profit or Loss	(11)	3.101.549	183.946	3.285.495	849.348	95.052	944.400
16.4 Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss		387.134	(129.593)	257.541	1.371.832	(361.382)	1.010.450
16.5 Profit Reserves		8.012.499	-	8.012.499	3.971.749	-	3.971.749
16.5.1 Legal Reserves	(11)	631.996	-	631.996	429.245	-	429.245
16.5.2 Status Reserves		75.641	-	75.641	75.641	-	75.641
16.5.3 Extraordinary Reserves	(11)	7.301.942	-	7.301.942	3.463.943	-	3.463.943
16.5.4 Other Profit Reserves		2.920	-	2.920	2.920	-	2.920
16.6 Profit Or Loss		7.041.477	-	7.041.477	4.055.034	-	4.055.034
16.6.1 Prior Years' Profit/Loss		-	-	-	-	-	-
16.6.2 Current Year Profit/Loss		7.041.477	-	7.041.477	4.055.034	-	4.055.034
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>25.273.719</b>	<b>151.610.318</b>	<b>176.884.037</b>	<b>15.301.390</b>	<b>100.273.982</b>	<b>115.575.372</b>

The accompanying notes are an integral part of these unconsolidated financial statements.



**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.**  
**UNCONSOLIDATED STATEMENT OF OFF BALANCE SHEET**  
**AS OF 31 DECEMBER 2023**

(Amounts are expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

			Audited Current Period 31 December 2023			Audited Prior Period 31 December 2022			
OFF BALANCE SHEET			Section 5 Note III	TL	FC	Total	TL	FC	Total
A.	OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I-II+III)			18.195.989	140.351.536	158.547.525	15.389.185	106.612.848	122.002.033
I.	GUARANTEES AND COLLATERALS	(1)		2.508.577	9.714.268	12.222.845	1.488.296	5.817.315	7.305.611
1.1	Letters of Guarantee			2.378.874	5.722.479	8.101.353	1.166.776	2.568.770	3.735.546
1.1.1	Guarantees Subject to State Tender Law			-	-	-	-	-	-
1.1.2	Guarantees Given for Foreign Trade Operations			-	-	-	-	-	-
1.1.3	Other Letters of Guarantee			2.378.874	5.722.479	8.101.353	1.166.776	2.568.770	3.735.546
1.2	Bank Acceptances			-	-	-	-	39.643	39.643
1.2.1	Import Letter of Acceptance			-	-	-	-	39.643	39.643
1.2.2	Other Bank Acceptance			-	-	-	-	-	-
1.3	Letters of Credit			129.703	3.991.789	4.121.492	321.520	3.208.902	3.530.422
1.3.1	Documentary Letters of Credit			129.703	3.991.789	4.121.492	321.520	3.208.902	3.530.422
1.3.2	Other Letters of Credit			-	-	-	-	-	-
1.4	Prefinancing Given as Guarantee			-	-	-	-	-	-
1.5	Endorsements			-	-	-	-	-	-
1.5.1	Endorsements to the Central Bank of Turkey			-	-	-	-	-	-
1.5.2	Other Endorsements			-	-	-	-	-	-
1.6	Securities Issue Purchase Guarantees			-	-	-	-	-	-
1.7	Factoring Guarantees			-	-	-	-	-	-
1.8	Other Guarantess			-	-	-	-	-	-
1.9	Other Collaterals			-	-	-	-	-	-
II.	COMMITMENTS	(1)		1.975.991	6.563.880	8.539.871	1.847.452	9.504.856	11.352.308
2.1	Irrevocable Commitments			1.469.708	428.175	1.897.883	1.036.616	270.614	1.307.230
2.1.1	Forward Asset Purchase and Sale Commitments			118.180	223.859	342.039	53.598	110.188	163.786
2.1.2	Forward Deposit Purchase and Sales Commitments			-	-	-	-	-	-
2.1.3	Share Capital Commitments to Associates and Subsidiaries			-	168.814	168.814	-	138.750	138.750
2.1.4	Loan Granting Commitments			-	-	-	-	-	-
2.1.5	Securities Underwriting Commitments			-	-	-	-	-	-
2.1.6	Commitments for Reserve Deposit Requirements			-	-	-	-	-	-
2.1.7	Payment Commitment for Checks			-	-	-	-	-	-
2.1.8	Tax and Fund Liabilities from Export Commitments			-	-	-	-	-	-
2.1.9	Commitments for Credit Card Expenditure Limits			-	-	-	-	-	-
2.1.10	Commitments for Promotions Related with Credit Cards and Banking Activities			-	-	-	-	-	-
2.1.11	Receivables from Short Sale Commitments			-	-	-	-	-	-
2.1.12	Payables for Short Sale Commitments			-	-	-	-	-	-
2.1.13	Other Irrevocable Commitments			1.351.528	35.502	1.387.030	983.018	21.676	1.004.694
2.2	Revocable Commitments			506.283	6.135.705	6.641.988	810.836	9.234.242	10.045.078
2.2.1	Revocable Loan Granting Commitments			506.283	6.135.705	6.641.988	810.836	9.234.242	10.045.078
2.2.2	Other Revocable Commitments			-	-	-	-	-	-
III.	DERIVATIVE FINANCIAL INSTRUMENTS	(2)		13.711.421	124.073.388	137.784.809	12.053.437	91.290.677	103.344.114
3.1	Derivative Financial Instruments for Hedging Purposes			-	38.788.055	38.788.055	-	26.497.037	26.497.037
3.1.1	Fair Value Hedge			-	38.788.055	38.788.055	-	26.497.037	26.497.037
3.1.2	Cash Flow Hedge			-	-	-	-	-	-
3.1.3	Hedge of Net Investment in Foreign Operations			-	-	-	-	-	-
3.2	Held for Trading Transactions			13.711.421	85.285.333	98.996.754	12.053.437	64.793.640	76.847.077
3.2.1	Forward Foreign Currency Buy/Sell Transactions			506.702	601.942	1.108.644	690.671	873.913	1.564.584
3.2.1.1	Forward Foreign Currency Transactions-Buy			506.702	64.395	571.097	690.671	163.686	854.357
3.2.1.2	Forward Foreign Currency Transactions-Sell			-	537.547	537.547	-	710.227	710.227
3.2.2	Swap Transactions Related to Foreign Currency and Interest Rate			13.204.719	84.683.391	97.888.110	11.362.766	63.919.727	75.282.493
3.2.2.1	Foreign Currency Swap-Buy			4.944	19.862.066	19.867.010	77.756	17.764.305	17.842.061
3.2.2.2	Foreign Currency Swap-Sell			13.148.219	6.935.939	20.084.158	11.128.122	5.963.930	17.092.052
3.2.2.3	Interest Rate Swap-Buy			25.778	28.942.693	28.968.471	78.444	20.095.746	20.174.190
3.2.2.4	Interest Rate Swap-Sell			25.778	28.942.693	28.968.471	78.444	20.095.746	20.174.190
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 SECURITIES (IV+V+VI)			366.597.529	2.352.099.418	2.718.696.947	153.748.488	1.202.596.098	1.356.344.586
IV.	ITEMS HELD IN CUSTODY			72.489	3.925.397	3.997.886	122.779	2.498.840	2.621.619
4.1	Customers' Securities Held			-	-	-	-	-	-
4.2	Investment Securities Held in Custody			10.059	3.925.397	3.935.456	72.203	2.498.840	2.571.043
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			62.430	-	62.430	50.576	-	50.576
V.	PLEDGES ITEMS			352.788.851	1.922.576.059	2.275.364.910	146.273.178	958.585.809	1.104.858.987
5.1	Marketable Securities			456.249	-	456.249	456.247	-	456.247
5.2	Guarantee Notes			175.899	3.108.491	3.284.390	131.668	2.557.299	2.688.967
5.3	Commodity			-	-	-	-	-	-
5.4	Warranty			-	-	-	-	-	-
5.5	Real Estate			104.370.588	619.660.191	724.030.779	55.452.686	256.863.629	312.316.315
5.6	Other Pledged Items			247.786.115	1.299.807.377	1.547.593.492	90.232.577	699.164.881	789.397.458
5.7	Pledged Items-Depository			-	-	-	-	-	-
VI.	ACCEPTED BILL OF EXCHANGE AND COLLATERALS			13.736.189	425.597.962	439.334.151	7.352.531	241.511.449	248.863.980
TOTAL OFF BALANCE SHEET ITEMS (A+B)				384.793.518	2.492.450.954	2.877.244.472	169.137.673	1.309.208.946	1.478.346.619

The accompanying notes are an integral part of these unconsolidated financial statements.

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.**  
**UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

(Amounts are expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

		Audited Current Period January 1, 2023 – December 31, 2023	Audited Prior Period January 1, 2022 – December 31, 2022
STATEMENT OF PROFIT OR LOSS			
	Note		
I. INTEREST INCOME	(1)	17,982,813	10,103,050
1.1 Interest on Loans		11,266,505	5,260,562
1.2 Interest Received from Reserve Deposits		82	309
1.3 Interest Received from Banks		27,357	7,700
1.4 Interest Received from Money Market Placements		1,645,877	662,263
1.5 Interest Received from Marketable Securities Portfolio		4,989,919	4,135,959
1.5.1 Fair Value through Profit or Loss		-	3
1.5.2 Fair Value through other Comprehensive Income		992,559	1,044,953
1.5.3 Measured at Amortized Cost		3,997,360	3,091,003
1.6 Finance Lease Interest Income		32,455	20,024
1.7 Other Interest Income		20,618	16,233
II. INTEREST EXPENSES (-)	(2)	7,748,413	3,367,729
2.1 Interest on Deposits		-	-
2.2 Interest on Funds Borrowed		5,922,080	1,993,634
2.3 Interest on Money Market Borrowings		152,013	58,240
2.4 Interest on Securities Issued		1,568,068	1,294,319
2.5 Leasing Interest Expense		32,275	2,994
2.6 Other Interest Expense		73,977	18,542
III. NET INTEREST INCOME (I - II)		10,234,400	6,735,321
IV. NET FEES AND COMMISSIONS INCOME / EXPENSES		453,211	158,468
4.1 Fees and Commissions Received		480,757	173,594
4.1.1 Non-cash Loans		179,070	56,349
4.1.2 Other		301,687	117,245
4.2 Fees and Commissions Paid (-)		27,546	15,126
4.2.1 Non-cash Loans		6,883	3,967
4.2.2 Other		20,663	11,159
V. DIVIDEND INCOME	(3)	12,990	9,186
VI. NET TRADING INCOME	(4)	1,698,299	800,919
6.1 Securities Trading Gains / (Losses)		23,212	15,009
6.2 Derivative Financial Instruments Gains / Losses		1,877,972	2,520,321
6.3 Foreign Exchange Gains / Losses (Net)		(202,885)	(1,734,411)
VII. OTHER OPERATING INCOME	(5)	236,014	92,887
VIII. GROSS OPERATING INCOME (III+IV+V+VI+VII)		12,634,914	7,796,781
IX. EXPECTED CREDIT LOSSES (-)	(6)	3,198,885	2,564,869
X. OTHER PROVISION EXPENSES (-)	(6)	870,000	574,403
XI. PERSONNEL EXPENSES (-)		726,368	335,128
XII. OTHER OPERATING EXPENSES (-)	(7)	433,308	169,744
XIII. NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)		7,406,353	4,152,637
XIV. AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER		-	-
XV. PROFIT / (LOSS) ON EQUITY METHOD		1,885,870	988,668
XVI. GAIN / (LOSS) ON NET MONETARY POSITION		-	-
XVII. PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XIII+...+XVI)		9,292,223	5,141,305
XVIII. TAX PROVISION FOR CONTINUED OPERATIONS (±)	(8)	2,250,746	1,086,271
18.1 Provision for Current Income Taxes		2,938,543	1,512,327
18.2 Deferred Tax Income Effect (+)		976,265	614,407
18.3 Deferred Tax Expense Effect (-)		1,664,062	1,040,463
XIX. NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XVI±XVII)	(9)	7,041,477	4,055,034
XX. INCOME ON DISCONTINUED OPERATIONS		-	-
20.1 Income on Assets Held for Sale		-	-
20.2 Income on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Venture)		-	-
20.3 Income on Other Discontinued Operations		-	-
XXI. LOSS FROM DISCONTINUED OPERATIONS (-)		-	-
21.1 Loss from Assets Held for Sale		-	-
21.2 Loss on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Venture)		-	-
21.3 Loss from Other Discontinued Operations		-	-
XXII. PROFIT / (LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XX-XXI)		-	-
XXIII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-
23.1 Provision for Current Income Taxes		-	-
23.2 Deferred Tax Expense Effect (+)		-	-
23.3 Deferred Tax Income Effect (-)		-	-
XXIV. NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)		-	-
XXV. NET PROFIT/LOSS (XIX+XXIV)	(10)	7,041,477	4,055,034
Earning / (loss) per share		2,515	1,448

The accompanying notes are an integral part of these unconsolidated financial statements.

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.****UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2023**

(Amounts are expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

	Audited Current Period 1 January 2023 – 31 December 2023	Audited Prior Period 1 January 2022 – 31 December 2022
<b>PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME</b>		
<b>I. CURRENT PERIOD INCOME / LOSS</b>	<b>7.041.477</b>	<b>4.055.034</b>
<b>II. OTHER COMPREHENSIVE INCOME</b>	<b>1.588.186</b>	<b>1.786.335</b>
<b>2.1 Not Reclassified Through Profit or Loss</b>	<b>2.341.095</b>	<b>738.832</b>
2.1.1 Property and Equipment Revaluation Increase / Decrease	131.784	99.338
2.1.2 Intangible Assets Revaluation Increase / Decrease	-	-
2.1.3 Defined Benefit Pension Plan Remeasurement Gain / Loss	4.985	5.919
2.1.4 Other Comprehensive Income Items Not Reclassified Through Profit or Loss	2.231.986	648.676
2.1.5 Tax Related Other Comprehensive Income Items Not Reclassified Through Profit or Loss	(27.660)	(15.101)
<b>2.2 Reclassified Through Profit or Loss</b>	<b>(752.909)</b>	<b>1.047.503</b>
2.2.1 Foreign Currency Translation Differences	212.135	68.974
2.2.2 Valuation and / or Reclassification Income / Expense of the Financial Assets at Fair Value Through Other Comprehensive Income	(646.351)	819.867
2.2.3 Cash Flow Hedge Income / Loss	-	-
2.2.4 Income (Loss) Related with Hedges of Net Investments in Foreign Operations	-	-
2.2.5 Other Comprehensive Income Items Reclassified Through Profit or Losses	(395.534)	253.717
2.2.6 Tax Related Other Comprehensive Income Items Reclassified Through Profit or Loss	76.841	(95.055)
<b>III. TOTAL COMPREHENSIVE INCOME (I+II)</b>	<b>8.629.663</b>	<b>5.841.369</b>

The accompanying notes are an integral part of these unconsolidated financial statements.

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.**  
**UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

(Amounts are expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

						Accumulated Other Comprehensive Income or Expenses Not Reclassified Through Profit or Loss				Accumulated Other Comprehensive Income or Expenses Reclassified Through Profit or Loss							
CHANGES IN SHAREHOLDERS' EQUITY	Note	Paid-in Capital	Share Premiums	Share Cancellation Profits	Other Capital Reserves	1	2	3	4	5	6	Profit Reserves	Prior Period Profit or (Loss)	Current Period Profit or (Loss)	Total Equity Except from Minority Interest	Minority Interest	Total Shareholders' Equity
<b>Prior Period – 31 December 2022</b>																	
<b>I. Prior Period End Balance</b>		<b>2.800.000</b>	-	-	<b>374</b>	<b>59.493</b>	<b>(4.472)</b>	<b>150.547</b>	<b>104.425</b>	<b>(283.295)</b>	<b>141.817</b>	<b>2.882.741</b>	<b>1.089.008</b>	-	<b>6.940.638</b>	-	<b>6.940.638</b>
<b>II. Corrections and Accounting Policy Changes Made According to TAS 8</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effects of Errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effects of the Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>III. Adjusted Beginning Balance (I+II)</b>		<b>2.800.000</b>	-	-	<b>374</b>	<b>59.493</b>	<b>(4.472)</b>	<b>150.547</b>	<b>104.425</b>	<b>(283.295)</b>	<b>141.817</b>	<b>2.882.741</b>	<b>1.089.008</b>	-	<b>6.940.638</b>	-	<b>6.940.638</b>
<b>IV. Total Comprehensive Income</b>		-	-	-	-	<b>85.437</b>	<b>4.719</b>	<b>648.676</b>	<b>68.974</b>	<b>724.812</b>	<b>253.717</b>	-	-	<b>4.055.034</b>	<b>5.841.369</b>	-	<b>5.841.369</b>
<b>V. Capital Increase by Cash</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VI. Capital Increase by Internal Sources</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VII. Effect of Inflation on Paid-in Capital</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VIII. Convertible Bonds to Share</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>IX. Subordinated Debt Instruments</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>X. Increase/Decrease by Other Changes</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XI. Profit Distribution</b>		-	-	-	-	-	-	-	-	-	-	<b>1.089.008</b>	<b>(1.089.008)</b>	-	-	-	-
11.1 Dividends Distributed		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	1.045.883	(1.045.883)	-	-	-	-
11.3 Other		-	-	-	-	-	-	-	-	-	-	43.125	(43.125)	-	-	-	-
<b>Period-End Balance (III+IV+.....+X+XI)</b>		<b>2.800.000</b>	-	-	<b>374</b>	<b>144.930</b>	<b>247</b>	<b>799.223</b>	<b>173.399</b>	<b>441.517</b>	<b>395.534</b>	<b>3.971.749</b>	-	<b>4.055.034</b>	<b>12.782.007</b>	-	<b>12.782.007</b>

1.Accumulated Revaluation Increase / Decrease of Fixed Assets

2.Accumulated Remeasurement Gain / Loss of Defined Benefit Pension Plan

3.Other (Shares of Investments Valued by Equity Method in Other Comprehensive Income Not Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Not Reclassified Through Other Profit or Loss)

4.Foreign Currency Translition Differences

5.Accumulated Revaluation and/or Remeasurement Gain/Loss of the Financial Asset at Fair Value Through Other Comprehensive Income

6.Other (Cash Flow Hedge Gain/Loss, Shares of Investments Valued by Equity Method in Other Comprehensive Income Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Reclassified Through Other Profit or Loss)

The accompanying notes are an integral part of these unconsolidated financial statements.

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.**  
**UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

(Amounts are expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

						Accumulated Other Comprehensive Income or Expenses Not Reclassified Through Profit or Loss			Accumulated Other Comprehensive Income or Expenses Reclassified Through Profit or Loss										
														Current Period Profit or (Loss)	Total Equity Except from Minority Interest	Minority Interest	Total Shareholders' Equity		
CHANGES IN SHAREHOLDERS' EQUITY						Note	Paid-in Capital	Share Premiums	Share Cancellati on Profits	Other Capital Reserves	1	2	3	4	5	6	Profit Reserves	Prior Period Profit or (Loss)	
Current Period – 31 December 2023																			
I.	Prior Period End Balance		2.800.000	-	-	374	144.930	247	799.223	173.399	441.517	395.534	3.971.749	4.055.034	-	12.782.007	-	12.782.007	
II.	Corrections and Accounting Policy Changes Made According to TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2.1	Effects of Errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2.2	Effects of the Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
III.	Adjusted Beginning Balance (I+II)		2.800.000	-	-	374	144.930	247	799.223	173.399	441.517	395.534	3.971.749	4.055.034	-	12.782.007	-	12.782.007	
IV.	Total Comprehensive Income		-	-	-	-	105.636	3.473	2.231.986	212.135	(569.510)	(395.534)	-	-	7.041.477	8.629.663	-	8.629.663	
V.	Capital Increase by Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VI.	Capital Increase by Internal Sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VII.	Effect of Inflation on Paid-in Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VIII.	Convertible Bonds to Share		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
IX.	Subordinated Debt Instruments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
X.	Increase/Decrease by Other Changes		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XI.	Profit Distribution		-	-	-	14.284	-	-	-	-	-	-	4.040.750	(4.055.034)	-	-	-	-	
11.1	Dividends Distributed		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
11.2	Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	3.895.462	(3.895.462)	-	-	-	-	
11.3	Other		-	-	-	14.284	-	-	-	-	-	-	145.288	(159.572)	-	-	-	-	
Period-End Balance (III+IV+.....+X+XI)			2.800.000	-	-	14.658	250.566	3.720	3.031.209	385.534	(127.993)	-	8.012.499	-	7.041.477	21.411.670	-	21.411.670	

1.Accumulated Revaluation Increase / Decrease of Fixed Assets

2.Accumulated Remeasurement Gain / Loss of Defined Benefit Pension Plan

3.Other (Shares of Investments Valued by Equity Method in Other Comprehensive Income Not Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Not Reclassified Through Other Profit or Loss)

4.Foreign Currency Translition Differences

5.Accumulated Revaluation and/or Remeasurement Gain/Loss of the Financial Asset at Fair Value Through Other Comprehensive Income

6.Other (Cash Flow Hedge Gain/Loss, Shares of Investments Valued by Equity Method in Other Comprehensive Income Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Reclassified Through Other Profit or Loss)

The accompanying notes are an integral part of these unconsolidated financial statements.

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.**  
**UNCONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

(Amounts are expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

	Note	Audited Current Period 31 December 2023	Audited Prior Period 31 December 2022
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
<b>1.1 Operating Profit Before Changes in Operating Assets and Liabilities</b>		<b>5.922.819</b>	<b>7.065.777</b>
1.1.1 Interest Received		13.649.860	7.965.732
1.1.2 Interest Paid		(6.569.869)	(2.931.262)
1.1.3 Dividends Received		12.990	15.268
1.1.4 Fees and Commissions Received		480.757	173.594
1.1.5 Other Income		131.642	581.087
1.1.6 Collections from Previously Written off Loans		286.757	116.908
1.1.7 Payments to Personnel and Service Suppliers		(716.723)	(310.273)
1.1.8 Taxes Paid		(2.150.806)	(997.237)
1.1.9 Others		798.211	2.451.960
<b>1.2 Changes in Operating Assets and Liabilities</b>		<b>(7.308.971)</b>	<b>2.298.297</b>
1.2.1 Net (Increase) (Decrease) in Financial Assets at Fair Value through Profit or Loss		-	-
1.2.2 Net (Increase) (Decrease) in Due from Banks		-	-
1.2.3 Net (Increase) (Decrease) in Loans		(2.959.228)	4.992.190
1.2.4 Net (Increase) (Decrease) in Other Assets		(510.733)	(635.589)
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		(5.027.148)	(4.061.304)
1.2.9 Net (Increase) (Decrease) in Matured Payable		-	-
1.2.10 Net (Increase) (Decrease) in Other Liabilities		1.188.138	2.003.000
<b>I. Net Cash Provided by / (used in) Banking Operations</b>		<b>(1.386.152)</b>	<b>9.364.074</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>II. Net Cash Provided by / (used in) Investing Activities</b>		<b>3.690.632</b>	<b>(4.156.487)</b>
2.1 Cash Paid for Purchase of Entities under Common Control, Associates and Subsidiaries		-	-
2.2 Cash Obtained from Sale of Entities under Common Control, Associates and Subsidiaries		-	-
2.3 Purchases of Property and Equipment		(21.570)	(16.592)
2.4 Disposals of Property and Equipment		1.707	276
2.5 Purchase of Financial Assets at Fair Value through Other Comprehensive Income		(2.141.285)	(3.121.352)
2.6 Sale of Financial Assets at Fair Value through Other Comprehensive Income		5.998.935	5.068.517
2.7 Purchase of Financial Assets Measured at Amortized Cost		(475.734)	(6.636.025)
2.8 Sale of Financial Assets Measured at Amortized Cost		334.204	550.421
2.9 Others		(5.625)	(1.732)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III. Net Cash Provided by / (used in) Financing Activities</b>		<b>1.839.253</b>	<b>(1.548.885)</b>
3.1 Cash Obtained From Funds Borrowed and Securities Issued		8.435.218	2.916.300
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued		(6.513.172)	(4.422.450)
3.3 Capital Increase		-	-
3.4 Dividends Paid		-	-
3.5 Payments for Leases		(82.793)	(42.735)
3.6 Other		-	-
<b>IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents</b>		<b>903.891</b>	<b>179.026</b>
<b>V. Net Increase / (Decrease) in Cash and Cash Equivalents</b>		<b>5.047.624</b>	<b>3.837.728</b>
<b>VI. Cash and Cash Equivalents at Beginning of the Period</b>		<b>7.056.949</b>	<b>3.219.221</b>
<b>VII. Cash and Cash Equivalents at End of the Period</b>		<b>12.104.573</b>	<b>7.056.949</b>

The accompanying notes are an integral part of these unconsolidated financial statements

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.**  
**UNCONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

(Amounts are expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

	Audited Current Period December 31, 2023 (1)	Audited Prior Period December 31, 2022 (4)
<b>I. DISTRIBUTION OF CURRENT YEAR INCOME</b>		
1.1 CURRENT YEAR INCOME	9.292.223	5.141.305
1.2 TAXES AND DUTIES PAYABLE	2.250.746	1.086.271
1.2.1 Corporate Tax (Income tax)	2.938.543	1.512.327
1.2.2 Income withholding tax	-	-
1.2.3 Other taxes and duties (3)	(687.797)	(426.056)
<b>A. NET INCOME FOR THE YEAR (1.1-1.2)</b>	<b>7.041.477</b>	<b>4.055.034</b>
1.3 PRIOR YEARS LOSSES (-)	-	-
1.4 LEGAL RESERVES (-)	-	202.752
1.5 OTHER STATUTORY RESERVES (-)	-	-
<b>B. NET PROFIT AVAILABLE FOR DISTRIBUTION [(A)-(1.3+1.4+1.5)]</b>	<b>7.041.477</b>	<b>3.852.282</b>
1.6 FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
1.6.1 To owners of ordinary shares	-	-
1.6.2 To owners of preferred shares	-	-
1.6.3 To owners of preferred shares (pre-emptive 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 (pre-emptive rights)	-	-
1.9.4 To profit sharing bonds	-	-
1.9.5 To holders of profit and loss sharing certificates	-	-
1.10 STATUTORY RESERVES (-)	-	-
1.11 GENERAL RESERVES	-	-
1.12 OTHER RESERVES	-	3.706.994
1.13 SPECIAL FUNDS	-	-
	-	145.288
<b>II. DISTRIBUTION OF RESERVES</b>		
2.1 APPROPRIATED RESERVES	-	-
2.2 DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.2.1 To owners of ordinary shares	-	-
2.2.2 To owners of preferred shares	-	-
2.2.3 To owners of preferred shares (pre-emptive rights)	-	-
2.2.4 To profit sharing bonds	-	-
2.2.5 To holders of profit and loss sharing certificates	-	-
2.3 DIVIDENDS TO PERSONNEL (-)	-	-
2.4 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
	-	-
<b>III. EARNINGS PER SHARE (2)</b>		
3.1 TO OWNERS OF ORDINARY SHARES		
3.2 TO OWNERS OF ORDINARY SHARES (%)	2.51	1.45
3.3 TO OWNERS OF PRIVILEGED SHARES	251.48	144.82
3.4 TO OWNERS OF PRIVILEGED SHARES (%)	-	-
	-	-
<b>IV. DIVIDEND PER SHARE</b>		
4.1 TO OWNERS OF ORDINARY SHARES	-	-
4.2 TO OWNERS OF ORDINARY SHARES (%)	-	-
4.3 TO OWNERS OF PRIVILEGED SHARES	-	-
4.4 TO OWNERS OF PRIVILEGED SHARES (%)	-	-
	-	-

(1) Since the Board of Directors has not prepared any proposal for profit distribution relating to the year 2023 yet, only profit available for distribution for the year 2023 is presented.

(2) A nominal value of 1 kuruş figures a share in unconsolidated income statement and unconsolidated statement of profit distribution and an earnings per share is calculated for a nominal value of 1 kuruş.

(3) The current period and the prior period amounts are related to deferred tax income.

(4) The profit distribution table for the previous period became final with the decision of the Ordinary General Assembly dated March 28, 2023, after the publication of the independently audited financial statements dated December 31, 2022 and rearranged in this direction.



**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

(Amounts are expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**SECTION THREE**

**ACCOUNTING POLICIES**

**I. Basis of presentation**

**I.a Preparation of the financial statements and the accompanying footnotes in accordance with Turkish Accounting Standards and Regulation on Principles Related to Banks' Accounting Applications and Maintaining the Documents**

The unconsolidated financial statements have been prepared in TL, under the historical cost convention except for the financial asset, liabilities and buildings revaluation model which are carried at fair value.

Accounting policies and valuation principles used in the preparation of the financial statements are determined and applied, in accordance with the principles published by the Banking Regulation and Supervision Agency ("BRSA").

The accounting policies and valuation principles used in the 2023 period are presented in the accompanying notes and the accounting policies and valuation principles are explained in Notes II to XXII below.

The format and content of the accompanying unconsolidated financial statements and footnotes have been prepared in accordance with the "Communique' on Publicly Announced Financial Statements Explanations and notes to the Financial Statements" and "Communique on Disclosures About Risk Management to be Announced to Public by Banks."

The accompanying unconsolidated financial statements and the explanatory footnotes, unless otherwise indicated, are prepared in thousands of Turkish Lira ("TL").

Entities whose functional currency is the currency of a hyperinflationary economy present their financial statements in terms of the measuring unit current at the end of the reporting period according to "TAS 29 Financial Reporting in Hyperinflation Economies". Based on the announcement made by Public Oversight, Accounting and Auditing Standards Authority (POA) on 23 November 2023, entities applying Turkish Financial Reporting Standards (TFRSs) are required to present their financial statements by adjusting for the impact of inflation for the annual reporting period ending on or after 31 December 2023, in accordance with the accounting principles specified in TAS 29. In the same announcement, it was stated that institutions or organizations authorized to regulate and supervise in their respective scope might determine different transition dates for the implementation of inflation accounting, and in this context, Banking Regulation and Supervision Agency (BRSA) announced that financial statements of banks, financial leasing, factoring, financing, savings financing and asset management companies as of 31 December 2023 would not be subject to the inflation adjustment in accordance with BRSA Board decision on 12 December 2023.

Accordingly, the Bank's unconsolidated financial statements dated December 31, 2023 did not apply the "TAS 29 Financial Reporting Standard in High-Inflation Economies".

**I.b The valuation principles used in the preparation of the financial statements**

The accounting rules and the valuation principles used in the preparation of the financial statements were implemented as stated in the Turkish Accounting Standards and related regulations, explanations and circulars on accounting and financial reporting principles announced by the BRSA. These accounting policies and valuation principles are explained in the below notes through II to XXII.

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

(Amounts are expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**I. Basis of presentation (Continued)**

**I.b The valuation principles used in the preparation of the financial statements (continued)**

As it is intended to update the financial information contained in the latest annual financial statements in the year end financial statements prepared as of December 31, 2023, the Bank made estimates in the calculation of expected credit losses and disclosed these in footnote VIII “Disclosures on impairment of financial assets”. In the coming periods, the Bank will update its relevant assumptions according to necessary extents and review the realizations of past estimates.

**I.c The accounting policies for the correct understanding of the financial statements**

The following accounting policies that applied according to BRSA regulations and TAS for the correct understanding of the financial statements and valuation principles used in preparation of the financial statements are presented in more detail below.

**Changes in accounting policies and disclosures**

TAS / TFRS changes, which entered into force as of January 1, 2023, 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.

**I.d Other**

The conflict between Russia and Ukraine since January 2022 still continues as of the report date. The Bank does not carry out any activities in these two countries that are subject to the crisis. Considering the geographies in which the Bank operates, no direct impact is expected on Bank operations. However, as of the date of this report, it is not possible to reasonably estimate the effects of the global developments and their potential impact on the global and regional economy, on the Bank’s operations because of the uncertainty about how the crisis will evolve.

**II. Explanations on usage strategy of financial assets and foreign currency transactions**

The main sources of the funds of the Bank have variable interest rates. The financial balances are monitored frequently and fixed and floating interest rate placements are undertaken according to the return on the alternative financial instruments. The macro goals related to balance sheet amounts are set during budgeting process and positions are taken accordingly.

Due to the fact that the great majority of the loans extended by the Bank have a flexibility of reflecting changes in the market interest rates to the customers, the interest rate risk is kept at minimum level. Moreover, the highly profitable Eurobond and the foreign currency government indebtedness securities portfolio have the attribute of eliminating the risks of interest rate volatility.

The fixed rate Subordinated bond, Eurobond and Greenbond issued by the Bank and a portion of fixed rate funds borrowed are subject to fair value hedge accounting. The Bank enters into interest rate swap agreements in order to hedge the change in fair values of its fixed rate and cross currency financial liabilities. The changes in the fair value of the hedged fixed rate financial liabilities and hedging interest cross currency rate swaps are recognized under the trading profit/loss.

In the beginning and later period of the hedging transaction, the aforementioned hedging transactions are expected to offset changes occurred in the relevant period of the hedging transaction and hedged risk (attributable to hedging risk) and effectiveness tests are performed in this regard.

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

(Amounts are expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**II. Explanations on usage strategy of financial assets and foreign currency transactions (Continued)**

The Bank performs effectiveness test at the beginning of the hedge accounting and at each reporting period. The effectiveness tests are carried out using the “Dollar off-set model” and the hedge accounting is applied as long as the test results are between the range of 80%-125% of effectiveness. TFRS 9 provides the option of deferring the adoption of TFRS 9 hedge accounting and the option to continue to apply the provisions of TAS 39 hedge accounting in the selection of accounting policies. In this context, the Bank continues to apply the provisions of TAS 39 hedge accounting.

The hedge accounting is discontinued when the hedging instrument expires, is exercised, sold or no longer effective. When discontinuing fair value hedge accounting, the cumulative fair value changes in carrying value of the hedged item arising from the hedged risk are amortized and recognized in income statement over the life of the hedged item from that date of the hedge accounting is discontinued.

The Bank liquidity is regularly monitored. Moreover, the need of liquidity in foreign currencies is safeguarded by currency swaps.

Commercial placements are managed with high return and low risk assets considering the international and domestic economic expectations, market conditions, creditors’ expectations and their tendencies, interest-liquidity and other similar factors. Prudence principle is adopted in the placement decisions. The long term placements are made under project finance. A credit policy is implemented such a way that harmonizing the profitability of the projects, the collateral and the value add introduced by the Bank.

The movements of foreign exchange rates in the market, interest rates and prices are monitored instantaneously. While taking positions, the Bank’s unique operating and control limits are watched effectively besides statutory limits. Limit overs are not allowed.

The Bank’s strategy of hedging interest rate and foreign currency risks arising from fixed and variable interest rate funds and foreign currency fair value through other comprehensive income securities are indicated below.

A great majority of foreign currency fair value through other comprehensive income securities are financed with foreign currency resources. Accordingly, the anticipated possible depreciation of local currency against other currencies is eliminated. A foreign currency basket is formulated in terms of the indicated foreign currency to eliminate the risk exposure of changes in cross currency parity. Interest rate risk is mitigated by constituting a balanced asset composition in compliance with the structure of fixed and floating rate of funding resources. The hedging strategies for other foreign exchange risk exposures: A stable foreign exchange position strategy is implemented and to be secured from cross currency risk, the current foreign exchange position is monitored by considering a currency basket in specific foreign currencies.

The foreign exchange gains and losses on foreign currency transactions are accounted for in the period of the transaction. Foreign exchange assets and liabilities are translated to Turkish Lira using foreign exchange bid rate as of the reporting date, and the resulting gains and losses are recorded in foreign exchange gains or losses.

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.**  
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(Amounts are expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**III. Explanations on forward and option contracts and derivative instruments**

The Bank is exposed to financial risk which depends on changes in foreign exchange rates and interest rates due to activities and as part of banking activities uses derivative instruments to manage financial risk that especially associated with fluctuations in foreign exchange and interest rate. Mainly derivative instruments used by the Bank are foreign currency forwards, swaps and option agreements.

The derivative financial instruments are accounted for at their fair values as of the date of the agreements entered into and subsequently valued at fair value. Derivative financial instruments of the Bank are classified under "TFRS 9 Financial Instruments" ("TFRS 9"), "Derivative Financial Assets Designated at Fair Value Through Profit or Loss" or "Derivative Financial Assets Designated at Fair Value Through Other Comprehensive Income".

Payables and receivables arising from the derivative instruments are recorded in the off-balance sheet accounts at their contractual values. Derivative transactions are valued at their fair values subsequent to their acquisition. In accordance with the classification of derivative financial instruments, if the fair value is positive, the amount is classified as "Derivative Financial Assets Designated at Fair Value Through Profit or Loss" or "Derivative Financial Assets Designated at Fair Value Through Other Comprehensive Income", if the fair value is negative, the amount is classified as "Derivative Financial Liabilities Designated at Fair Value Through Profit or Loss" or "Derivative Financial Liabilities Designated at Fair Value Through Other Comprehensive Income". The fair value differences of derivative financial instruments are recognized in the income statement under trading profit/loss line in profit/loss from derivative financial transactions.

When a derivative financial instrument, is originally designed as a hedge by the Bank, the relationship between the Bank's financial risk from hedged item and the hedging instrument, the risk management objectives and strategy of hedging transaction and the methods that will be used in the measurement of effectiveness, describe in written. The Bank, at the beginning of the aforementioned engagement and during the ongoing process, evaluates whether the hedging instruments are effective on changes in the fair values or actual results of hedging are within the range of 80% - 125%.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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(Amounts are expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**IV. Explanations on associates and subsidiaries**

In the unconsolidated financial statements, Financial subsidiaries and Investments in associates are recognized equity method within the scope of Communiqué published on the Official Gazette dated 9 April 2015 no.29321 related to the amendments to the Turkish Accounting Standard 27 (TAS 27) “Separate Financial Statements”.

In accordance with Turkish Accounting Standard 28 (TAS 28) for “Investments in Associates and Joint Ventures” in the equity method, the book value of investment in associates and subsidiaries is reflected in the financial statements in proportion to the Bank's share of the net assets of these investments. The portion of the profit or loss of investment in associates and subsidiaries that are included in the Bank's share is accounted in the income statement of the Bank. The portion of the other comprehensive income that falls on the Bank's share is accounted in the other comprehensive income statement of the Bank.

**V. Explanations on interest income and expenses**

Interest income is recorded according to the effective interest rate method (rate equal to net present value of future cash flows or financial assets and liabilities) defined in the TFRS 9 “Financial Instruments” standard by applying the effective interest rate via accrual basis to the gross carrying amount of a financial asset except for: purchased or originated credit-impaired financial assets or financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets.

If the financial asset is impaired and classified as a non-performing receivable, the Bank applies the effective interest rate on the amortized cost of the asset for subsequent reporting periods. Such interest income calculation is made on an individual contract basis for all financial assets subject to impairment calculation. It is used effective interest rate during calculation of loss given default rate in expected credit loss models and accordingly, the calculation of expected credit losses includes an interest amount.

Therefore, a reclassification is made between the accounts of “Expected Credit Losses” and “Interest Income From Loans” for calculated amount. If the credit risk of the financial instrument improves to the extent that the financial asset is no longer considered as impaired and the improvement can be attributed to an incident that eventually takes place (such as an increase in the loan's credit rating), interest income at subsequent reporting periods are calculated by applying the effective interest rate to the gross amount.

Interest income and expenses are recognized in the income statement for all interest bearing instruments on an accrual basis using the effective interest method (the rate that equalizes the future cash flows of financial assets and liabilities to the current net book value).

**VI. Explanations on fees and commission income and expenses**

Except for fees and commissions that are integral part of the effective interest rates of financial instruments measured at amortized costs, the fees and commissions are accounted for in accordance with TFRS 15 Revenue from Contracts with Customers. Except for certain fees related with certain banking transactions and recognized when the related service is given, fees and commissions received or paid, and other fees and commissions paid to financial institutions are accounted under accrual basis of accounting throughout the service period. Revenues obtained through contracts or through the purchase of assets for a third party real person or corporate person are recorded in the period when they occur.

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(Amounts are expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**VII. Explanations on financial assets**

**Initial recognition of financial instruments**

Initial recognition of financial instruments the Bank shall recognize a financial asset or a financial liability in its statement of financial position when, and only when, the entity becomes party to the contractual provisions of the instrument. A regular way purchase or sale of financial assets shall be recognized and derecognized, as applicable, using trade date accounting or settlement date accounting. Purchase and sale transactions of securities are accounted at the settlement date.

**Initial measurement of financial instruments**

The classification of financial instruments at initial recognition depends on the contractual conditions and the relevant business model. Except for the assets in the scope of TFRS 15 Revenue from contracts with customers, at initial recognition, the Bank measures financial asset or financial liabilities at fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit/loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

**Classification of financial instruments**

On which category a financial instruments shall be classified at initial recognition depends on both the business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

**Assessment of business model**

As per TFRS 9, the Bank's business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The business model is not dependent on management's intentions for an individual financial instrument, so the requirement is not an instrument-based classification approach, but rather an aggregate valuation of financial assets. While assessing the business model used for the management of financial assets, all relevant evidence available at the time of the assessment is taken into account. Such evidence includes:

- How the performance of financial assets held within the scope of the business model and business model is reported to key management personnel,
- Risks affecting the performance of the business model (financial assets held within the scope of the business model), and in particular the way these risks are managed and
- How the additional payments to managers are determined (for example, whether the bonuses are based on the fair value of the assets managed or on the contractual cash flows collected).

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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(Amounts are expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**VII. Explanations on financial assets (continued)**

**Assessment of business model (continued)**

The business model evaluation is not made on the basis of scenarios that the business does not reasonably expect to occur, such as “worst case” or “pressure case ” scenarios. The fact that cash flows differed from expectations at the time the business model was evaluated does not require error correction in the financial statements or a change in the classification of other financial assets using the same business model, as long as all relevant information available at the date of the business model evaluation is taken into account. However, when evaluating the business model for newly created or newly acquired financial assets, information about how cash flows have been realized in the past, along with other relevant information, is also taken into account. The aforementioned business models consist of three categories. These categories are stated below:

- Business model whose aimed to hold assets in order to collect contractual cash flows: This is a business model whose objective is to hold assets in order to collect contractual cash flows are managed to realise cash flows by collecting contractual payments over the life of the instrument. Financial assets held under this business model are measured at amortized cost if the contractual terms of the financial asset pass the cash flow test, which includes only the principal and interest payments on the principal balance at specified dates.

- Business model whose aimed to hold assets in order to collect contractual cash flows and selling financial assets: Business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

Financial assets held under this business model are accounted for at fair value through other comprehensive income if the contractual terms of the financial asset pass the cash flow test, which includes only the principal and interest payments on the principal balance on certain dates.

- Other business models: Financial assets are measured at fair value through profit or loss in case they are not held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. Financial assets measured at fair value through profit/loss and derivative financial assets are assessed in this business model.

**Contractual cash flows that include only principal and interest payments on the principal balance**

As per TFRS 9, the Bank classifies a financial asset on the basis of its contractual cash flow characteristics if the financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. In a basic lending agreement, the time value of money and the cost of credit risk are often the most important elements of interest. Judgment is used to assess whether that element simply pays for the passage of time, taking into account relevant factors such as the currency in which the financial asset is expressed and the period in which the interest rate applies. Where the terms of the contract begin to expose it to risks or volatility of cash flows that are inconsistent with a core lending agreement, the financial asset is measured at fair value through profit or loss.



**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.**  
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(Amounts are expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**VII. Explanations on financial assets (continued)**

**Measurement categories of financial assets and liabilities**

Financial assets are classified compliance with TFRS 9 in three main categories as listed below:

- Financial assets measured at fair value through profit/loss
- Financial assets measured at fair value through other comprehensive income and
- Financial assets measured at amortized cost

**a. Financial assets at the fair value through profit or loss:**

Financial assets at fair value through profit/loss are financial assets other than the ones that are managed with business model that aimed to hold to collect contractual cash flows or business model that aims to collect both the contractual cash flows and cash flows arising from the sale of the assets; and in case of the contractual terms of the financial asset do not lead to cash flows representing solely payments of principal and interest at certain date; that are either acquired for generating a profit from shortterm fluctuations in prices or are financial assets included in a portfolio aiming to short-term profit making. The Bank has used the option to classify some of its loans and securities issued irrevocably as financial assets/liabilities at fair value through profit or loss in order to eliminate accounting mismatches in accordance with TFRS 9 at the time of first disbursement. Financial assets at fair value through profit or loss are recorded with their fair values and are then valued with their fair values. Gains and losses resulting from the valuation are included in the profit/loss accounts. In accordance with the Uniform Chart of Accounts (THP) explanations, the positive difference between the acquisition cost and the discounted value of the financial asset is in "Interest Income", if the fair value of the asset is above the discounted value, the positive difference is calculated in the "Capital Market Transactions Profits" account. if the fair value is below the discounted value, the negative difference between the discounted value and the fair value is recorded in the "Capital Market Transactions Losses" account. In case the financial asset is disposed of before its maturity, the resulting gains or losses are accounted for on the same basis.

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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(Amounts are expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**VII. Explanations on financial assets (continued)**

**b. Financial Assets at Fair Value Through Other Comprehensive Income:**

In addition to financial assets within a business model that aims to hold to collect contractual cash flows and aims to hold to sell, financial asset with contractual terms that lead to cash flows are solely payments of principal and interest at certain dates, they are classified as fair value through other comprehensive income.

Financial assets at fair value through other comprehensive income are recognized by adding transaction cost to acquisition cost reflecting the fair value of the financial asset. After the recognition, financial assets at fair value through other comprehensive income are measured at fair value. Interest income calculated with effective interest rate method arising from financial assets at fair value through other comprehensive income and dividend income from equity securities are recorded to income statement.

“Unrealized gains and losses” arising from the difference between the amortized cost and the fair value of financial assets at fair value through other comprehensive income are not reflected in the income statement of the period until the acquisition of the asset, sale of the asset, the disposal of the asset, and impairment of the asset and they are accounted under the “Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss” under shareholders’ equity. Equity securities, which are classified as financial assets at fair value through other comprehensive income, that have a quoted market price in an active market and whose fair values can be reliably measured are carried at fair value. Equity securities that do not have a quoted market price in an active market and whose fair values cannot be reliably measured are carried at cost, less provision for impairment.

During initial recognition an entity can choose in an irrevocable way to record the changes of the fair value of the investment in an equity instrument that is not held for trading purposes in the other comprehensive income. In the case of this preference, the dividend from the investment is taken into the financial statements as profit or loss.

**c. Financial Assets Measured at Amortized 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 amortized cost are initially recognized at acquisition cost including the transaction costs which reflect the fair value of those instruments and subsequently recognized at amortized cost by using effective interest rate method. Interest income obtained from financial assets measured at amortized cost is accounted in income statement.

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**VII. Explanations on financial assets (continued)**

**c. Financial Assets Measured at Amortized Cost (continued):**

In the “Fair value through other comprehensive income” and “measured at amortized cost” securities portfolio of the Parent Bank, there are Consumer Price Indexed (CPI) Bonds.

Bank considered expected inflation index of future cash flows prevailing at the reporting date while calculating internal rate of return of the Consumer Price Indexed (CPI) marketable securities. The effect of this application is accounted as interest received from marketable securities in the unconsolidated financial statements. These securities are valued and accounted according to the effective interest method based on the real coupon rates and the reference inflation index at the issue date and the estimated inflation rate. As stated in the Investor’s Guide of CPI Government Bonds by Republic of Turkey Undersecretariat of Treasury the reference indices used to calculate the actual coupon payment amounts of these securities are based on the previous two months CPI’s. The Parent Bank determines the estimated inflation rate accordingly. The inflation rate is estimated by considering the expectancies of the Central Bank and the Bank which are updated as needed within the year.

**d. Loans:**

Loans are financial assets that have fixed or determinable payments terms and are not quoted in an active market. Loans are initially recognized at acquisition cost plus transaction costs presenting their fair value and thereafter measured at amortized cost using the "Effective Interest Rate (internal rate of return) Method". Duties paid, transaction costs and other similar expenses on assets received against such risks are considered as a part of transaction cost and charged to customers.

Turkish Lira (“TL”) cash loans are composed of foreign currency indexed loans and working capital loans; foreign currency (“FC”) cash loans are composed of investment loans, export financing loans and working capital loans.

All loans of the Bank has classified under Measured at Amortized Cost, after loan portfolio passed the test of " All cash flows from contracts are made only by interest and principal" during the transition period.

Foreign currency indexed loans are converted into TL from the foreign currency rate as of the opening date and followed in TL accounts. Repayments are measured with the foreign currency rate at the payment date, the foreign currency gains and losses are reflected to the income statement.

**VIII. Explanations on impairment of financial assets**

As of January 1, 2018, the Bank recognizes a loss allowance for expected credit losses on financial assets and loans measured at amortized cost, financial assets measured at fair value through other comprehensive income, loan commitments and financial guarantee contracts not measured at fair value through profit/loss based on TFRS 9 and the regulation published in the Official Gazette no. 29750 dated 22 June 2016 in connection with “Procedures and Principals regarding Classification of Loans and Allowances Allocated for Such Loans”. TFRS 9 impairment requirements are not eligible for equity instruments.

At each reporting date, whether the credit risk on a financial instrument has increased significantly since initial recognition is assessed. The Bank considers the changes in the default risk of financial instrument, when making the assessment.

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**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**VIII. Explanations on impairment of financial assets (continued)**

**Calculation of expected credit losses**

The expected credit loss estimates are required to be unbiased, probability-weighted and include supportable information about past events, current conditions, and forecasts of future economic conditions. Risk parameters used in TFRS 9 calculations are included in the future macroeconomic information. While macroeconomic information is included, macroeconomic forecasting models and multiple scenarios used in the Internal Capital Assessment Process (“ICAAP”) are considered.

Within the scope of TFRS 9, the probability of default (PD), Loss given default (LGD) and Exposure at default (EAD) models have been developed. The models developed under TFRS 9 are based on the following segmentation elements:

- Loan portfolio (corporate /specilization)
- Product type
- Credit risk rating notes (ratings)
- Collateral type
- Duration since origination of a loan
- Remaining time to maturity
- Exposure at default

Probability of Default (PD): PD refers to the likelihood that a loan will default within a specified time horizon given certain characteristics. Based on TFRS 9, two different PDs are used in order to calculate expected credit losses:

- 12-month PD: as the estimated probability of default occurring within the next 12 months following the balance sheet date.
- Lifetime PD: as the estimated probability of default occurring over the remaining life of the financial instrument.

The Bank uses internal rating systems for loan portfolio. The internal rating models used include customer financial information and knowledge of survey responses based on expert judgement. Probability of default calculation has been carried out based on past information, current conditions and forward looking macroeconomic parameters.

Loss Given Default (LGD): If a loan default occurs, it represents the economic loss incurred on the loan. It is expressed as a percentage.

Exposure at Default (EAD): For cash loans, it corresponds to the amount of loan granted as of the reporting date. For non-cash loans and commitments, it is the value calculated through using credit conversion factors. Credit conversion factor corresponds to the factor which adjusts the potential increase of the exposure between the current date and the default date.

Financial assets are divided into three categories depending on the increase in credit risk observed since their initial recognition:

**Stage 1:**

For the financial assets at initial recognition or that do not have a significant increase in credit risk since initial recognition. Impairment for credit risk is recorded in the amount of 12-month expected credit losses. 12-month expected credit loss is calculated based on a probability of default realized within 12 months after the reporting date. Such expected 12-month probability of default is applied on an expected exposure at default, multiplied with loss given default rate and discounted with the original effective interest rate.

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**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**VIII. Explanations on impairment of financial assets (continued)**

**Calculation of expected credit losses (continued)**

**Stage 2:**

In the event of a significant increase in credit risk since initial recognition, the financial asset is transferred to Stage 2. Impairment for credit risk is determined on the basis of the instrument's lifetime expected credit losses. Calculation of expected credit losses is similar to descriptions above, but probability of default and loss given default rates are estimated through the life of the instrument.

**Stage 3:**

Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime expected credit losses are recognized and interest revenue is calculated on the net carrying amount. The probability of default is taken into account as 100%.

The default assessment of the Bank is made according to the following conditions:

1. Objective Default Definition: It means debt having past due more than 90 days. Current definition of default in the Bank and its consolidated financial subsidiaries is based on a more than 90 days past due definition.
2. Subjective Default Definition: It means a debt is considered is unlikely to be paid. Whenever an obligor is considered is unlikely to pay its credit obligations, it should be considered as defaulted regardless of the existence of any past-due amount or of the number of days past due.

**Debt instruments measured at fair value through other comprehensive income**

The impairment requirements are applies for the recognition and measurement of a loss allowance for financial assets that are measured at fair value through other comprehensive income in accordance with TFRS 9. However, the loss allowance shall be recognised in other comprehensive income and shall not reduce the carrying amount of the financial asset in the statement of financial position. The expected credit loss is reflected in other comprehensive income and the accumulated amount is recycled to statement of profit/loss following the derecognition of related financial asset.

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**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**VIII. Explanations on impairment of financial assets (continued)**

**Calculation of expected credit losses (continued)**

**Significant increase in credit risk**

As of the reporting date, if the credit risk on a financial instrument has not increased significantly since initial recognition, the loss allowance for that financial instrument is measured at an amount equal to 12-month expected credit losses. However, if there is a significant increase in credit risk of a financial instrument since initial recognition, the Bank measures loss allowance regarding such instrument at an amount equal to “lifetime expected credit losses”.

The Bank makes qualitative and quantitative assessments regarding assessment of significant increase in credit risk of financial assets to be classified as stage 2 (Significant Increase in Credit Risk).

Within the scope of quantitative assessment, the quantitative reason explaining the significant increase in the credit risk is based on a comparison of the probability of default calculated at the origination of the loan and the probability of default assigned for the same loan as of the reporting date. If there is a significant deterioration in PD , it is considered that there is a significant increase in credit risk and the financial asset is classified as stage 2. In this context, the Bank has calculated thresholds at which point the relative change is a significant deterioration. When determining the significant increase in bank credit risk, The Bank also assessed the absolute change in the PD date on the transaction date and on the reporting date. If the absolute change in the PD ratio is above the threshold values, the related financial asset is classified as stage 2.

The Bank classifies the financial asset as Stage 2 (Significant Increase in Credit Risk) where any of the following conditions are satisfied as a result of a qualitative assessment:

- Loans overdue more than 30 days as of the reporting date
- Loans classified as watchlist
- When there is a change in the payment plan due to restructuring

In the future expectations, 3 scenarios are used to be as base, bad and good. Final provisions are calculated by weighing on the possibilities given to the scenarios. Also for possible effects the Bank has established additional provisions for the sector and customers, which are considered to have a high impact on the expected credit loss calculations by making individual assessment for the risks that cannot be captured through the models.

This approach, which is preferred in expected credit losses calculations, will be revised in the following reporting periods, taking into account the impact of the pandemic, portfolio and future expectations.

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**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**IX. Explanations on offsetting, derecognition and restructuring of financial instruments**

**a. Offsetting of financial instruments**

Financial assets and liabilities are offset when the Bank has a legally enforceable right to set off, and when the Bank has the intention of collecting or paying the net amount of related assets and liabilities or when the Bank has the right to offset the assets and liabilities simultaneously. Otherwise, there is not any offsetting transaction about financial assets and liabilities.

**b. Derecognition of financial instruments**

**Derecognition of financial assets due to change in contractual terms**

Based on TFRS 9, the renegotiation or modification of the contractual cash flows of a financial asset can lead to the derecognition of the existing financial asset. When the modification of a financial asset results in the derecognition of the existing financial asset and the subsequent recognition of the modified financial asset, the modified asset is considered a 'new' financial asset.

When the Bank assesses the characteristics of the new contractual terms of the financial asset, it evaluates the contractual cash flows including foreign currency rate changes, conversion to equity, counterparty changes and solely principal and interest on principle. When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, it is recalculated the gross carrying amount of the financial asset and recognized a modification gain or loss in profit or loss.

Where all risks and rewards of ownership of the asset have not been transferred to another party and the Bank retains control of the asset, the Bank continues to recognize the remaining portion of the asset and liabilities arising from such asset. When the Bank retains substantially all the risks and rewards of ownership of the transferred asset, the transferred asset continues to be recognized in its entirety and the consideration received is recognized as a liability.

**Derecognition of financial assets without any change in contractual terms**

The asset is derecognized if the contractual rights to cash flows from the financial asset are expired or the related financial asset and all risks and rewards of ownership of the asset are transferred to another party. Except for equity instruments measured at fair value through other comprehensive income, the total amount consisting of the gain or loss arising from the difference between the book value and the amount obtained and any accumulated gain directly accounted in equity shall be recognized in profit/loss.

**Derecognition of financial liabilities**

It shall be removed a financial liability (or a part of a financial liability) from the statement of financial position when, and only when, it is extinguished when the obligation specified in the contract is discharged or cancelled or expires.

**c. Reclassification of financial instruments**

Based on TFRS 9, the Bank shall reclassify all affected financial assets at amortised cost to financial assets measured at fair value through other comprehensive income and fair value through profit or loss in the subsequent accounting when, and only when, it changes its business model for managing financial assets. The Bank's reclassification details of financial assets are presented in Section Three, Note VII.



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**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**IX. Explanations on offsetting, derecognition and restructuring of financial instruments (continued)**

**d. Restructuring and refinancing of financial instruments**

The Bank may change the original contractual terms of a loan (maturity, repayment structure, guarantees and sureties) which were previously signed, in case the loan cannot be repaid or if a potential payment difficulty is encountered based on the new financing power and structure of the borrower.

Restructuring is to change the financial terms of existing loans in order to facilitate the payment of debt. Refinancing is granting a new loan by the Bank which will cover either the principal or the interest payment in whole or in part of one or a few existing loans due to the anticipated financial difficulty which the customer or bank currently or will encounter in the future. Changes in the original terms of a credit risk can be made in the current contract or through a new contract.

Restuctured Loans can be classified in standart loans unless the firm has difficulty in payment. Companies which have been restructured and refinanced can be removed from the watchlist when the following conditions are met:

- Subsequent to the through review of company's financial data and its owners' equity position, at circumstances when it is not anticipated that the owner of the company will face financial difficulties; and it is assessed that the restructured debt will be paid on time (starting from the date when the debt is restructured all due principal and interest payments are made on time).

- At least 2 years should pass over the date of restructuring (or if it is later), the date of removal from non-performing loan category, at least 10% (or the ratio specified in the legislation) of the total principal amount at the time restructuring /refinancing shall be paid and no overdue amount (principal and interest) shall remain at the date of restructuring / refinancing.

In order for the restructured non-performing loans to be classified to the watchlist category, the following conditions must be met in accordance with the relevant regulations:

- Recovery in debt service

- At least one year should pass over the date of restructuring

- Payment of all accrued and overdue amounts by debtor (interest and principal) since the date of restructuring /refinancing or the date when the debtor is classified as nonperforming (earlier date to be considered) and fulfillment of the payment condition of all overdue amounts as of the date of restructuring /refinancing

- Collection of all overdue amounts, disappearance of the reasons for classification as nonperforming receivable (based on the conditions mentioned above) and having no overdue more than 30 days as of the date of reclassification

During the follow-up period of at least two years following the date of restructuring / refinancing, if there is a new restructuring / refinancing or a delay of more than 30 days, the transactions which were non-performing at the beginning of the follow-up period are classified as non-performing loans again.

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**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**X. Explanations on sales and repurchase agreements and lending of securities**

Funds provided under repurchase agreements are accounted under “Funds Provided under Repurchase Agreements-TL” and “Funds Provided under Repurchase Agreements-FC” accounts. The repurchase agreements of the Bank are based on the Eurobonds and government bonds issued by Republic of Turkey Undersecretariat of Treasury. Marketable securities subject to repurchase agreements are classified under assets at fair value through profit or loss, assets at fair value through other comprehensive income or assets at measured at amortized costs with parallel to classifications of financial instruments.

The income and expenses from these transactions are reflected to the interest income and interest expense accounts in the income statement. Receivables from reverse repurchase agreements are recorded in “Receivables from Reverse Repurchase Agreements” account in the balance sheet.

**XI. Explanations on assets held for sale and discontinued operations**

Assets held for sale are measured at the lower of the assets’ carrying amount and fair value less costs to sell. These assets are not amortized and presented separately in the financial statements. 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 asset (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 groups), and an active programme to complete should be initiated to locate a customer. Also, the asset (or the disposal group) should have an active market sale value, which is a reasonable value in relation to its current fair value. Also, the sale is expected to be accounted as a completed sale beginning from one year after the classification date; and the essential procedures to complete the plan should indicate the possibility of making significant changes on the plan or lower probability of cancelling.

Events or circumstances may extend the completion of the sale more than one year. Such assets 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 entry remains committed to its plan to sell the asset (or disposal group).

A discontinued operation is a component of a bank 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.

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**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**XII. Explanations on goodwill and other intangible assets**

Goodwill arising on the acquisition of a subsidiary or a jointly controlled entity represents the excess of the cost of acquisition over the subsidiary or jointly controlled interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary or jointly controlled entity recognized at the date of acquisition. Goodwill is initially recognized as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill is allocated to each of the cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognized for goodwill is not reversed in a subsequent period. On disposal of a subsidiary or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal. As of reporting date, The Bank has no goodwill on the unconsolidated financial statements.

Intangible assets that are acquired prior to 1 January 2005 are carried at restated historical cost as of December 31, 2004; and those acquired subsequently are carried at cost less accumulated amortization, and any impairment. Intangible assets are depreciated on a straight line basis over their expected useful lives. Depreciation method and period are reviewed periodically at the end of each year. Intangible assets are mainly composed of rights and they are depreciated principally on a straight-line basis between 1-15 years.

**XIII. Explanations on tangible assets**

Tangible assets rather than real estate, purchased before 1 January 2005, are accounted for at their restated costs as of December 31, 2004 and the assets purchased in the following periods are accounted for at acquisition cost less accumulated depreciation and reserve for impairment. Gain or loss resulting from disposals of the tangible assets is reflected to the income statement as the difference between the net proceeds and net book value. Normal maintenance and repair expenditures are recognized as expense.

As of the third quarter of 2015, the Bank changed its accounting policy and adopted revaluation method on annual basis under scope of Standard on Tangible Fixed Assets (TAS 16) with respect to valuation of immovable included in its building and lands. The amortization periods of real estates are specified in the appraisal's report. In case of the cost of tangible assets over the net realizable value estimated under the "Turkish accounting standards for impairment of assets" (TAS 36), the value of the asset is reduced to its "net realizable value" and are reserved impairment provision associated with expense accounts. The positive difference between appraisement value and net book value of the property is accounted under shareholder' equity. Related valuation models such as cost model, market value and discounted cash flow projections approaches are used in valuation of real estates. There is no pledge, mortgage or any other lien on tangible assets. Tangible assets are depreciated with straight-line method and their useful lives are determined in accordance with the Turkish Accounting Standards.

The positive difference between the real estate values in the revised appraisal reports prepared by licensed valuation companies in 2023 and the net book value of the relevant real estates is followed in the equity.

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**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**XIII. Explanations on tangible assets (continued)**

Depreciation rates and estimated useful lives of tangible assets are as follows:

<b>Tangible Assets</b>	<b>Expected Useful Lives (Years)</b>	<b>Depreciation Rate (%)</b>
Cashvault	4-50	2-25
Vehicles	5	20
Other Tangible Assets	1-50	2-100

**XIV. Explanations on leasing transactions**

***The Bank as Lessor***

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Bank's net investment in the leases. The lease payments are allocated as principle and interest. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Bank's net investment outstanding in respect of the leases.

***The Bank as Lessee***

Assets held under finance leases are recognized as assets of the Bank at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are included in profit or loss in accordance with the Bank's general policy on borrowing costs. Tangible assets acquired by financial leases are amortized based on the useful lives of the assets.

In accordance with TFRS 16, the lessee, at the effective date of the lease, measures the leasing liability on the present value of the lease payments that were not paid at that date (leasing liability) and depreciates the existence of the right of use related to the same date. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use their incremental borrowing rate. The interest expense on the lease liability and the depreciation expense right of use are recorded separately.

**TFRS 16 Leases**

TFRS 16 Leasing standard abolishes the dual accounting model currently applied for lessees through recognizing finance leases in the balance sheet whereas not recognizing operational lease.

Instead, it is set forth a single model similar to the accounting of financial leases (on balance sheet). For lessors, the accounting stays almost the same. The Bank has started to apply "TFRS 16 Leases" Standard starting from 1 January 2019.

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**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**XIV. Explanations on leasing transactions (continued)**

The Bank has applied TFRS 16 with a simplified retrospective approach. The new accounting policies of the Bank regarding to application TFRS 16 are stated below:

***Right-of-use assets***

The Bank recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets includes:

- (a) the amount of lease liabilities recognized,
- (b) lease payments made at or before the commencement date less any lease incentives received and
- (c) initial direct costs incurred.

Unless the Bank is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

***Lease Liabilities***

At the commencement date of the lease, the Bank recognises lease liabilities measured at the present value of lease payments to be made over the lease term.

At the commencement date of the lease, Lease payments included in the measurement of the lease liability consist of the following payments for the right to use the underlying asset during the lease term, which are not paid at the commencement date of the lease:

- a) Fixed payments,
- b) Variable lease payments that depend on an index or a rate,
- c) Amounts expected to be paid under residual value guarantees,
- d) The exercise price of a purchase option reasonably certain to be exercised by the Company / the Group and payments of penalties for terminating a lease and
- e) If the lease term reflects the Company / the Group exercising the option to terminate.

The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Company / the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the effective date of the lease, the Bank measures the lease obligation as follows:

- a) The book value is increased to reflect the accretion of interest of lease liabilities and
- b) The book value is reduced to reflect the lease payments made.

In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

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**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**XIV. Explanations on leasing transactions (continued)**

*Short-term leases and leases of low-value assets*

The Bank applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

**XV. Explanations on provisions and contingent liabilities**

Provisions are recognized when there is a present obligation due to a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If aforesaid criteria did not form, the Bank discloses the issues mentioned in notes to financial statements.

*Explanations on contingent assets*

Provisions are determined by using the Bank's best expectation of expenses in fulfilling the obligation, and discounted to present value if material. Contingent assets consist of unplanned or other unexpected events that usually cause a possible inflow of economic benefits to the Bank. Since recognition of the contingent assets in the financial statements would result in the accounting of an income, which may never be generated, the related assets are not included in the financial statements; on the other hand, if the inflow of the economic benefits of these assets to the Bank is probable, an explanation is made thereon in the footnotes of the financial statements. Nevertheless, the developments related to the contingent assets are constantly evaluated and in case the inflow of the economic benefit to the Bank is almost certain, the related asset and the respective income are recognized in the financial statements of the period in which the change occurred. Severance pay according to the current laws and collective bargaining agreements in Turkey, is paid in case of retirement or dismissal.

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**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**XVI. Explanations on liabilities regarding employee benefits**

Bank calculates a provision for severance pay to allocate that employees need to be paid upon retirement or involuntarily leaving by estimating the present value of probable amount. There is no indemnity obligations related to the employees who are employed with contract of limited duration exceeding 12 month period. Actuarial gains and losses are accounted under Shareholder's Equity since 1 January 2013 in accordance with the Revised TAS 19. Employees of the Bank are members of "Türkiye Sınai Kalkınma Bankası Anonim Şirketi Memur ve Müstahdemleri Yardım ve Emekli Vakfı" and "Türkiye Sınai Kalkınma Bankası A.Ş. Mensupları Munzam Sosyal Güvenlik ve Yardımlaşma Vakfı" ("the Pension Fund"). Technical financial statements of those funds are subject to audit in accordance with the Insurance Law and provisions of "Regulations on Actuaries" issued based on the related law by an actuary registered in the Actuarial Registry.

A temporary article published in the Official Gazette No. 32121 dated March 3, 2023 was added to the Social Insurance and General Health Insurance Law dated May 31, 2006 and numbered 5510. In the provisional article in question, "Those who request for monthly bonding after the effective date shall be entitled to old-age or pension in accordance with the provisions of subparagraph (B) of the first paragraph of the provisional Article 81 of the Law No. 506, the second paragraph of the provisional Article 10 of the Law No. 1479, the subparagraph (B) of the first paragraph of the provisional Article 2 of the Law No. 2925 and the provisional Article 205 of the Law No. 5434, they shall benefit from old-age or pension if they meet other conditions other than age in the said provisions. No retrospective payment shall be made on the basis of this paragraph and no retrospective rights shall be claimed." In this context, the members of the pension fund have the opportunity to retire early as of April 1, 2023. This change has no significant impact on the Bank's financials and funds.

Paragraph 1 of the provisional Article 23 of the Banking Act ("Banking Act") No: 5411 published in the Official Gazette No: 25983 on 1 November 2005 requires the transfer of banking funds to the Social Security Institution within 3 years as of the enactment date of the Banking Act. Under the Banking Act, in order to account for obligations, actuarial calculations will be made considering the income and expenses of those funds by a commission consisting of representatives from various institutions. Such calculated obligation shall be settled in equal instalments in maximum 15 years. Nonetheless, the related Article of the Banking Law was annulled by the Constitutional Court's decision No: E. 2005/39 and K. 2007/33 dated March 22, 2007 that was published in the Official Gazette No: 26479 on 31 March 2007 as of the release of the related decision, and the execution of this article was cancelled as of its publication of the decision and the underlying reasoning for the cancellation of the related article was published in the Official Gazette No: 26731 on 15 December 2007.

After the publication of the reasoning of the cancellation decision of the Constitutional Court, articles related with the transfer of banks pension fund participants to Social Security Institution based on Social Security Law numbered 5754 were accepted by the Grand National Assembly of Turkey on 17 April 2008 and published in the Official Gazette No: 26870 on 8 May 2008.

Present value for the liabilities of the transferees as of the transfer date would be calculated by a commission that involves representatives of Social Security Institution, Ministry of Finance, Turkish Treasury, State Planning Organization, BRSA, SDIF, banks and banks' pension fund institutions and technical interest rate, used in actuarial account, would be 9,80%. If salaries and benefits paid by the pension fund of banks and income and expenses of the pension funds in respect of the insurance branches, stated in the Law, exceeds the salaries and benefits paid under the regulations of Social Security Institution, such differences would be considered while calculating the present value for the liabilities of the transferees and the transfers are completed within 3 years beginning from 1 January 2008.

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**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**XVI. Explanations on liabilities regarding employee benefits (Continued)**

According to the provisional Article 20 of 73<sup>rd</sup> article of Law No. 5754 dated 17 April 2008, has become effective on 8 May 2008 and was published in the Official Gazette No: 26870, transfer of Pension Funds to Social Security Institution in three years has been anticipated. With the amendment in the first paragraph of the temporary article 20 of the Social Security and General Health Insurance Law No. 5510 published in the Official Gazette dated March 8, 2012 and numbered 28227, the 2-year postponement authority given to the Council of Ministers was increased to 4 years. It has been resolved that the transfer process has been extended two years with Council of Ministers' Decree, has become effective on 9 April 2011 and was published in the Official Gazette No: 27900. The transfer had to be completed until 8 May 2013. Accordingly, it has been resolved that, one more year extension with Council of Ministers Decree No: 2013/467, has become effective on 3 May 2013 and was published in the Official Gazette No: 28636 and transfer needs to be completed until 8 May 2014. However, it has been decided to extend the time related to transfer by the decision of Council of Minister published in the Official Gazette No. 28987 dated 30 April 2014 for one more year due to not realizing the transfer process.

In accordance with the Health and Safety Law numbered 6645 which became effective on 4 April 2015 and published in the Official Gazette No: 29335 and dated 23 April 2015 and together with some amendments and statutory decree, Council of Ministers authorized for the determination of transfer date to the Social Security institution and the transfer of Pension Fund was postponed to an unknown date.

This authority has passed to the President by Decree Law No. 703 published in the Official Gazette No. 30473 dated July 9, 2018. Unmet social benefits and payments of the pension fund participants and other employees that receive monthly income although they are within the scope of the related settlement deeds would be met by pension funds and the institutions employ these participants after the transfer of pension funds to the Social Security Institution.

The present value of the liabilities, subject to the transfer to the Social Security Institution, of the Pension Fund as of December 31, 2023 has been calculated by an independent actuary in accordance with the actuarial assumptions in the Law and as per actuarial report dated 15 January 2024. There is no need for technical or actual deficit to book provision as of December 31, 2023 In addition, the Bank's management anticipates that any liability that may come out during the transfer period and after, in the context expressed above, would be financed by the assets of the Pension Fund and would not cause any extra burden on the Bank.



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**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**XVII. Explanations on taxation**

Corporate tax is the sum of current tax expense and deferred tax income or expense.

Current year tax liability is calculated over the taxable portion of the profit for the period. Taxable profit is calculated taking into account items of income or expense that are taxable or deductible, and items that are not taxable or deductible. Taxable profit therefore differs from the profit reported in the income statement.

With the Law submitted to the Grand National Assembly of Turkey on July 5, 2023 and published in the Official Gazette dated July 15, 2023, amendments were made to the Corporate Tax Law No. 5520. Accordingly; Starting from the declarations to be submitted as of October 1, 2023, the corporate tax rate has been increased from 25% to 30% for banks, companies within the scope of Law No. 6361, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies. In addition, with the amendment, as of July 15, 2023; The 50% tax exemption stipulated in Law No. 5520 for immovable sales gains has been abolished. However, this exemption will be applied as 25% to the sales of immovables that were in the assets of the enterprises before July 15, 2023.

In the financial statements dated December 31, 2023, 30% was used as the tax rate in the tax calculations for the period.

Within the scope of Article 298 of the Tax Procedure Code, it is stipulated that if the increase in the producer price index is more than 100% in the last 3 accounting periods including the current period and more than 10% in the current accounting period, the financial statements will be subject to inflation adjustment and these conditions have been fulfilled as of December 31, 2021.

However, the Law No. 7352 "On the Amendment of the Tax Procedure Law and the Corporate Tax Law" published in the Official Gazette dated January 29, 2022 and numbered 31734 and the provisional Article 33 were added to the Tax Procedure Law No. 213 and the accounting periods of 2021 and 2022, including the temporary tax periods (as of the accounting periods ending in 2022 and 2023 for those who were assigned special accounting periods) and the 2023 accounting period within the scope of Article 298. It has been enacted that the financial statements will not be subject to inflation adjustment regardless of whether the conditions for inflation adjustment have occurred or not, and that the financial statements dated December 31, 2023 will be subject to inflation adjustment regardless of whether the conditions for inflation adjustment have occurred or not, and that the profit/loss differences arising from the inflation adjustment will be shown in the profit/loss account of previous years. December 28, 2023 and published in the Official Gazette No. 32413, Some Laws and Decrees with the Force of Law No. 7491 on the Amendment of the Law No. 17, Banks, companies in accordance with the Law on Financial Leasing, Factoring, Financing and Savings Financing Companies dated November 21, 2012 and No. 6361, payment and electronic money institutions, authorized exchange institutions, asset management companies, the Law on Financial Leasing, Factoring, Financing and Savings Financing Companies, pay and electronic money institutions, asset management companies, it has been enacted that profit/loss differences arising from the inflation adjustment to be made by capital market institutions, insurance and reinsurance companies and pension companies in the accounting periods of 2024 and 2025, including temporary tax periods, will not be taken into account in the determination of earnings. The President is authorized to extend the periods determined within the scope of this paragraph up to an accounting period, including temporary tax periods.

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**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**XVII. Explanations on taxation (continued)**

With the Communiqué on the Amendment to the General Communiqué on Tax Procedure Law No. 547 (sequence No. 537) published in the Official Gazette dated January 14, 2023 and numbered 32073, the procedures and principles of the articles of the law allowing revaluations of immovables and depreciable economic assets have been reorganized. Accordingly, the Bank has subjected some of its assets on its balance sheet to revaluation until September 30, 2023, provided that it meets the conditions set out in the Provisional Article 32 of the Tax Procedure Code and the provisions of the Duplicate article 298/ç. As December 31, 2023, the revaluation has not been applied as of December 31, 2023 due to the fact that the financial statements are subject to inflation adjustment as of December 31, 2023. In this context, corporate tax is calculated by taking into account the depreciation allocated on the values of the revalued assets subject to revaluation until the period of September 30, 2023.

Deferred tax liability or assets are determined by calculating the tax effects of the temporary differences between the amounts of assets and liabilities shown in the financial statements and the amounts taken into account in the calculation of the legal tax base, according to the balance sheet method, taking into account the legal tax rates. While deferred tax liabilities are calculated for all taxable temporary differences, deferred tax assets consisting of deductible temporary differences are calculated provided that it is highly probable to benefit from these differences by generating taxable profit in the future.

According to the Provisional Article 33 of the Tax Procedure Law, in the financial statements dated 31 December 2023, the tax effects arising from the subject of inflation correction of the corporate tax are included in the deferred tax calculation as of 31 December 2023.

Deferred tax is recognized for Stage 1 and Stage 2 expected loss provisions.

Except for goodwill or business combinations, deferred tax liability or asset is not calculated for temporary timing differences arising from the initial recognition of assets or liabilities and which do not affect both commercial and financial profit or loss.

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**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**XVII. Explanations on taxation (continued)**

The carrying amount of deferred tax asset is reviewed as of each balance sheet date. Carrying value of deferred tax asset is reduced to the extent that it is not probable that a taxable profit will be obtained to allow some or all of the deferred tax asset to be benefited. Deferred tax is calculated over the tax rates valid in the period when assets are created or liabilities are fulfilled and recorded as expense or income in the income statement.

However, if the deferred tax is related to assets directly associated with equity in the same or a different period, it is directly associated with the equity account group. Deferred tax receivables and liability are netted off.

Pursuant to Article 53 of the Banking Law dated October 19, 2005 and numbered 5411, all of the special provisions set aside for loans and other receivables are taken into account as an expense in the determination of the corporate tax base in the year they are allocated pursuant to the second paragraph of the same article.

***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.

**XVIII. Additional explanations on borrowings**

The Bank borrows funds from domestic and foreign institutions borrowing from the money market and issues marketable securities in domestic and foreign markets when needed.

The funds borrowed are recorded at their purchase costs and valued at amortized costs using the effective interest method. Some of the securities issued by the Bank and resources used with fixed interest rates are subject to fair value hedge accounting. While the credit risk and rediscounted accumulated interest on hedging liabilities are recorded in the income statement under the interest expense, the credit risk and net amount excluding accumulated interest results from hedge accounting are accounted in the income statement under the derivative financial instruments gains/losses by fair value.

**XIX. Explanations on share certificates issued**

In accordance with the decision taken at the Ordinary General Assembly meeting held on March 28, 2023, 5% of the net profit for 2022 was allocated as a legal reserve, TL 145.288 was allocated to a special fund for the purpose of receiving venture capital investment funds, and the remaining portion was allocated as an extraordinary reserve fund.

In accordance with the decision taken at the Ordinary General Assembly meeting held on March 29, 2022 in the previous period, the Bank does not have a capital increase through bonus issues.

**XX. Explanations on acceptances**

Acceptances are realized simultaneously with the payment dates of the customers and they are presented as commitments in the off-balance sheet accounts.

**XXI. Explanations on government incentives**

The Bank does not use government incentives.

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**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**XXII. Explanations on segment reporting**

In accordance with its mission, the Bank mainly operates in corporate and investment banking segments. The corporate banking is serving financial solutions and banking services for its medium and large-scale corporate customers. Services given to corporate customers are; investment credits, project financing, TL and foreign exchange operating loans, letters of credit, letters of guarantees and foreign trade transaction services covering letters of guarantee with external guarantees.

Income from the activities of investment banking includes income from the operations of Treasury and Corporate Finance. Under the investment banking activities, portfolio management for corporate, marketable securities intermediary activities, cash flow management and all types of corporate finance services is provided. The segmental allocation of the Bank's net profit, total assets and total liabilities are shown below.

<b>Current Period</b>	<b>Corporate Banking</b>	<b>Investment Banking</b>	<b>Other</b>	<b>Total</b>
Net Interest Income	5.531.142	4.703.258	-	10.234.400
Net Fees and Commission Income	172.909	272.845	7.457	453.211
Other Income	182.988	1.698.299	1.951.886	3.833.173
Other Expense	(3.353.789)	(135.988)	(1.738.784)	(5.228.561)
Profit Before Tax	2.533.250	6.538.414	220.559	9.292.223
Tax Provision				(2.250.746)
<b>Net Profit</b>				<b>7.041.477</b>
<b>Current Period</b>				
Segment Assets	121.922.873	44.854.847	3.603.999	170.381.719
Investment in Associates and Subsidiaries	-	-	6.502.318	6.502.318
<b>Total Assets</b>	<b>121.922.873</b>	<b>44.854.847</b>	<b>10.106.317</b>	<b>176.884.037</b>
Segment Liabilities	145.121.291	2.481.059	7.870.017	155.472.367
Shareholders' Equity	-	-	21.411.670	21.411.670
<b>Total Liabilities</b>	<b>145.121.291</b>	<b>2.481.059</b>	<b>29.281.687</b>	<b>176.884.037</b>

<b>Prior Period</b>	<b>Corporate Banking</b>	<b>Investment Banking</b>	<b>Other</b>	<b>Total</b>
Net Interest Income	2.806.614	3.928.707	-	6.735.321
Net Fees and Commission Income	52.564	102.533	3.371	158.468
Other Income	-	800.919	1.090.741	1.891.660
Other Expense	(2.678.279)	(117.221)	(848.644)	(3.644.144)
Profit Before Tax	180.899	4.714.938	245.468	5.141.305
Tax Provision				(1.086.271)
<b>Net Profit</b>				<b>4.055.034</b>
<b>Prior Period</b>				
Segment Assets	74.787.609	35.283.873	2.020.506	112.091.988
Investment in Associates and Subsidiaries	-	-	3.483.384	3.483.384
<b>Total Assets</b>	<b>74.787.609</b>	<b>35.283.873</b>	<b>5.503.890</b>	<b>115.575.372</b>
Segment Liabilities	93.477.043	3.656.787	5.659.535	102.793.365
Shareholders' Equity	-	-	12.782.007	12.782.007
<b>Total Liabilities</b>	<b>93.477.043</b>	<b>3.656.787</b>	<b>18.441.542</b>	<b>115.575.372</b>

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**SECTION FOUR**

**INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT**

**I. Explanations related to shareholders' equity**

Total capital and capital adequacy ratio have been calculated in accordance with the "Regulation on Equity of Banks" and "Regulation on Measurement and Assessment of Capital Adequacy of Banks" and in addition to regulations of BRSA numbered 3397 dated 23 March 2020. As of December 31, 2023, the capital adequacy ratio of the Bank has been calculated as 26,16% (December 31, 2022: %22,43%).

As stated in the Board Decision dated 28 April 2022 and numbered 9996, in accordance with the Regulation on the Measurement and Evaluation of Capital Adequacy of Banks (Regulation), which was published in the Official Gazette dated 23 October 2015 and numbered 29511, with the amount in the calculation of credit risk-monetary assets and non-monetary items that are measured in terms of historical cost, except for assets in foreign currencies in the rest of the valuated special provision in accordance with international accounting standards and related amounts when calculating the amount of the business day as of the date of recent December 31, 2022 the date of the day belongs to the Central Bank of the Republic of Turkey (Central Bank); otherwise the decision of the assembly is received until history of the exchange rate to be maintained by the Central Bank of 30 December 2022 use is provided.

In addition, with the Board Decision of the same date and numbered, in case the net valuation differences of the securities held by the banks in the portfolio of "Securities at Fair Value Reflected in Other Comprehensive Income" as of the date of the Decision are negative, these differences are negative, dated 05 September 2013 and numbered 28756. It has provided the opportunity not to be taken into account in the amount of equity to be calculated in accordance with the Regulation on the Equity of Banks published in the Official Gazette and to be used for the capital adequacy ratio.

	<b>Current Period</b>	<b>Prior Period</b>
<b>CORE EQUITY TIER 1 CAPITAL</b>		
Paid-in capital to be entitled for compensation after all creditors	2.800.374	2.800.374
Share premiums	-	-
Reserves	8.012.499	3.971.749
Other comprehensive income according to TAS	3.893.135	2.364.913
Profit	7.041.477	4.055.034
Current Period Profit	7.041.477	4.055.034
Prior Period Profit	-	-
Bonus shares from associates, subsidiaries and joint-ventures not accounted in current period's profit	-	-
<b>Core Equity Tier 1 Capital Before Deductions</b>	<b>21.747.485</b>	<b>13.192.070</b>
<b>Deductions from Core Equity Tier 1 Capital</b>		
Valuation adjustments calculated as per the 1 <sup>st</sup> clause of 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	233.573	242.182
Leasehold improvements on operational leases	3.285	3.291
Goodwill (net of related tax liability)	-	-
Other intangible assets other than mortgage-servicing rights (net of related tax liability)	5.295	2.876
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-

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**SECTION FOUR (Continued)**

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

**I. Explanations related to shareholders' equity (continued)**

Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	-
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	-
Gains arising from securitization transactions	-	-
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Net amount of defined benefit plans	-	-
Investments in own common equity	-	-
Shares obtained against article 56, paragraph 4 of Banking Law	-	-
Total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the bank does not own 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	765.827	248.658
Mortgage servicing rights not deducted	-	-
Excess amount arising from deferred tax assets from temporary differences	-	-
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
Excess amount arising from deferred tax assets from temporary differences	-	-
Excess amount arising from mortgage servicing rights	-	-
Excess amount arising from deferred tax assets based on temporary differences	-	-
Other items to be defined by the BRSA	-	-
Deductions from Tier I capital in cases where there are no adequate additional Tier I or Tier II capitals	-	-
<b>Total Regulatory Adjustments to Tier 1 Capital</b>	<b>1.007.980</b>	<b>497.007</b>
<b>Core Equity Tier I Capital</b>	<b>20.739.505</b>	<b>12.695.063</b>
<b>ADDITIONAL TIER 1 CAPITAL</b>		
Preferred Stock not Included in Core Equity and the Related Share Premiums	-	-
Debt instruments and the related issuance premiums defined by the BRSA	5.871.100	3.721.300
Debt instruments and the related issuance premiums defined by the BRSA (Temporary Article 4)	-	-
<b>Additional Tier I Capital before Deductions</b>	<b>5.871.100</b>	<b>3.721.300</b>
<b>Deductions from Additional Tier I Capital</b>		
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	-
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 1 capital	-	-
The total of net long position of the direct or indirect investments in additional Tier 1 capital of unconsolidated banks and financial institutions where the bank owns more than 10% of the issued share capital	-	-
Other items to be defined by the BRSA	-	-
<b>Items to be Deducted from Tier I Capital during the Transition Period</b>		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Core Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Net deferred tax asset/liability which is not deducted from Core Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-

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**SECTION FOUR (Continued)**

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

**I. Explanations related to shareholders' equity (continued)**

Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	-
<b>Total Deductions From Additional Tier I Capital</b>	-	-
<b>Total Additional Tier I Capital</b>	<b>5.871.100</b>	<b>3.721.300</b>
<b>Total Tier I Capital (Tier I Capital=Core Equity Tier I Capital+Additional Tier I Capital)</b>	<b>26.610.605</b>	<b>16.416.363</b>
<b>TIER II CAPITAL</b>		
Debt instruments and the related issuance premiums defined by the BRSA	-	-
Debt instruments and the related issuance premiums defined by the BRSA (Temporary Article 4)	-	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	1.203.894	866.695
<b>Tier II Capital Before Deductions</b>	<b>1.203.894</b>	<b>866.695</b>
<b>Deductions From Tier II Capital</b>		
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	-
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 Common Equity Tier I capital (-)	-	-
Total of net long positions of the investments in Tier II Capital items of unconsolidated banks and financial institutions where the bank owns 10% or more of the issued share capital	-	-
Other items to be defined by the BRSA (-)	-	-
<b>Total Deductions from Tier II Capital</b>	-	-
<b>Total Tier II Capital</b>	<b>1.203.894</b>	<b>866.695</b>
<b>Total Capital (The sum of Tier I Capital and Tier II Capital)</b>	<b>27.814.499</b>	<b>17.283.058</b>
<b>Deductions from Total Capital</b>		
Loans granted against the articles 50 and 51 of the banking law	-	-
Net book values of movables and immovables exceeding the limit defined in the article 57, clause 1 of the Banking law and the assets acquired against overdue receivables and held for sale but retained more than five years	-	-
Other items to be defined by the BRSA	-	-
<b>Items to be Deducted from sum of Tier I and Tier II (Capital) during the Transition Period</b>		
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking and financial entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier I capital, Additional Tier I capital, Tier II capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
The Sum of net long positions of investments in the Additional Tier I capital and Tier II capital of banking, and financial entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier I capital, Additional Tier I capital, Tier II capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
The Sum of net long positions of investments in the common stock of banking and financial entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Core Equity Tier I capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-

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**SECTION FOUR (Continued)**

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

**I. Explanations related to shareholder's equity (continued)**

<b>CAPITAL</b>		
Total Capital (Total of Tier I Capital and Tier II Capital)	27.814.499	17.283.058
Total Risk Weighted Assets	106.339.113	77.065.121
<b>CAPITAL ADEQUACY RATIOS</b>		
Core Capital Adequacy Ratio (%)	19,50	16,47
Tier I Capital Adequacy Ratio (%)	25,02	21,30
Capital Adequacy Ratio (%)	26,16	22,43
<b>BUFFERS</b>		
Total buffer requirement (a+b+c)	2,504	2,512
a. Capital conservation buffer requirement (%)	2,500	2,500
b. Bank specific counter-cyclical buffer requirement (%)	0,004	0,012
c. Systematic significant buffer (%)	-	-
The ratio of Additional Core Equity Tier I capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital Buffers to risk weighted assets	15,00	11,97
<b>Amounts below the Excess Limits as per the Deduction Principles</b>		
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	-	-
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	2.150.533	1.294.373
Remaining mortgage servicing rights	-	-
Excess amount arising from deferred tax assets from temporary differences	-	-
<b>Limits Related to Provisions Considered in Tier II Calculation</b>		
General reserves for receivables where the standard approach used (before tenthousandtwentyfive limitation)	5.270.605	3.407.717
Up to 1,25% of total risk-weighted amount of general reserves for receivables where the standard approach used	1.203.894	866.695
Excess amount of total provision amount to credit risk amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Excess amount of total provision amount to 0,6% of risk weighted receivables of credit risk amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
<b>Debt instruments subjected to Article 4</b>		
<b>(to be implemented between 1 January 2018 and 1 January 2022)</b>		
Upper limit for Additional Tier I Capital subjected to Temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier I Capital subjected to Temporary Article 4	-	-
Upper limit for Additional Tier II Capital subjected to Temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier II Capital subjected to Temporary Article 4	-	-

**Explanations on the reconciliation between amounts related to equity items and on balance sheet**

There are no differences between the amounts related to equity items and on balance sheet figures.



**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.**  
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**SECTION FOUR (Continued)**

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

**I. Explanations related to consolidated shareholders' equity (continued)**

**Information on debt instruments to be included in the equity calculation**

Issuer	Türkiye İş Bankası A.Ş.
Unique identifier (eg CUSIP, ISIN etc.)	-
Governing law(s) of the instrument	Regulation on Equity of Banks (Official Gazette Date: 05.09.2013 Official Gazette Number: 28756)
<b>Consideration in Equity Calculation</b>	
Subject to 10% deduction as of 1/1/2015	No
Eligible on unconsolidated and/or consolidated basis	Eligible on unconsolidated and consolidated
Instrument type	The loan to be included in the additional Tier 1 capital calculation
Amount recognized in regulatory capital (Currency in mil, as of most recent reporting date – Million USD )	200
Par value of instrument (Million USD)	200
Accounting classification	347000 (Liability) – Subordinated Debt Instruments
Original date of issuance	30 March 2022
Perpetual or dated	Undated
Original starting and maturity date	31 March 2022
Issuer call subject to prior supervisory approval	Yes
Optional call date, contingent call dates and redemption amount	There is an early payment option for the first 5 years (after the 5th year) on 31 March 2027.
Subsequent call dates, if applicable	After the 5th year, the relevant option can be used. If it is not used after the 5th year, it can be used at any time by the borrower with the permission of the BRSA.
<b>Interest/dividend payments</b>	
Fixed or floating dividend/coupon	Fixed / semiannually coupon payment, principal payment at the maturity
Coupon rate and any related index	-
Existence of a dividend stopper	Yes.
Fully discretionary, partially discretionary or mandatory	Yes.(The Lender has the authority to cancel the interest payments under the Credit.)
Existence of step up or other incentive to redeem	None
Noncumulative or cumulative	Noncumulative
<b>Convertible or non-convertible</b>	
If convertible, conversion trigger (s)	None
If convertible, fully or partially	None
If convertible, conversion rate	None
If convertible, mandatory or optional conversion	None
If convertible, specify instrument type convertible into	None
If convertible, specify issuer of instrument it converts into	None
<b>Write-down feature</b>	
If write-down, write-down trigger(s)	None.
If write-down, full or partial	Full or Partial
If write-down, permanent or temporary	Permanent
If temporary write-down, description of write-up mechanism	None
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	After contribution capitals
In compliance with article number 7 and 8 of "Own fund regulation"	It has the conditions set forth in Article 7. It does not meet the conditions stated in Article 8.
Details of incompliances with article number 7 and 8 of "Own fund regulation"	It has the conditions set forth in Article 7. It does not meet the conditions stated in Article 8.

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**SECTION FOUR (Continued)**

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

**II. Explanations related to credit risk**

The sectoral breakdown of loans is documented monthly and limitations are made according to evaluations. There is no limitation applied geographically. Monitoring and checking are made for the treasury operations. Risk limits are identified for the operations implemented.

The credit monitoring department screens the creditworthiness of loan customers once every six months regularly. The debtors' creditworthiness is screened regularly in accordance with the related legislation. Their financial statements are obtained as prescribed in the legislation. The credit limits have been set by the Board of Directors, the Banks credit committee and the credit management. The Bank takes enough collateral for the loans and other receivables extended. The collaterals obtained consist of personal suretyship, mortgage, cash blockage and client checks.

Limits have also been set for transactions with banks. Credit risks are managed on the counterparty's creditworthiness and limits.

The definitions of overdue and impaired loans and information related to impairment and provisions are provided in Section Four, Note X.

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.**  
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**SECTION FOUR (Continued)**

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

**II. Explanations related to credit risk (continued)**

*Total amount of exposures after offsetting transactions but before applying risk mitigations and the average exposure amounts that are classified in different risk groups and types*

	Current Period		Prior Period	
	Risk Amount (1)	Average Risk Amount (2)	Risk Amount (1)	Average Risk Amount (2)
Exposures to sovereigns and their central banks	25.919.007	24.971.356	21.993.361	18.970.113
Exposures to regional and local governments	-	-	-	-
Exposures to administrative bodies and noncommercial entities	7.897	15.232	11.516	34.162
Exposures to multilateral development banks	39.951	37.034	65.251	75.617
Exposures to international organizations	-	-	-	-
Exposures to banks and securities firms	12.276.933	8.685.907	8.914.553	7.607.095
Exposures to corporates	92.067.093	128.342.983	119.001.151	107.737.403
Retail exposures	-	-	-	-
Exposures secured by property	952.426	944.455	792.218	1.088.746
Past due receivables	866.437	248.890	186.913	587.226
Exposures in higher-risk categories	117.390	420.416	701.943	891.533
Exposures in the form of bonds secured by mortgages	-	-	-	-
Securitization positions	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-
Equity investments in the form of collective investment undertakings	271.765	437.664	545.914	127.399
Equity investments	6.313.099	4.668.981	3.615.882	2.302.916
Other exposures	880.444	1.299.204	512.481	1.164.554

(1) Includes total risk amounts before the effect of credit risk mitigation.

(2) Average risk amounts are the arithmetical average of the amounts in monthly reports prepared as per the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks.

There are control limits on positions held in the form of futures and options contracts and other similar contracts. Limits are continuously checked by the bank management. Credit risk is managed together with the potential risks arising from market movements. Credit risk, market risk, liquidity risk and other risks are considered as a whole. When exposed to significant credit risk, the Bank is on the verge of reducing total risk by concluding futures and similar contracts, exercising their rights, fulfilling or selling their performances in a short period of time. Indemnified non-cash loans are subject to the same risk weight as the unpaid credits when they occur.

Except for the monitoring method determined by the related legislation of the renewed and re-amortized loans, the current rating of the relevant company is changed within the Bank within the scope of internal rating application and all kinds of measures are taken for risk classification. The Bank follows concentration on a maturity basis and examines the risks that differ from the normal course. Foreign transactions are made with many correspondent banks in many countries. The counterparty limits have been set in transactions with banks. As an active participant in the international banking market, the Bank does not have significant credit risk concentration when evaluated together with the financial activities of other financial institutions.

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**SECTION FOUR (Continued)**

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

**II. Explanations related to credit risk (continued)**

The first 100 and 200 largest cash loans constitute 81,49% and 97,07% of the total cash loans portfolio of the Bank respectively (December 31, 2022: 79,29% and 96,07%).

The first 100 and 200 largest non-cash loans constitute 100% and 100% of the total non-cash loans portfolio of the Bank respectively (December 31, 2022: 100% and 100%).

The first 100 and 200 largest cash and non-cash loans constitute 81,09% and 96,73% of the total on and off balance sheet accounts of the Bank respectively (December 31, 2022: 79,34% and 95,79%).

For the credit risk assumed by the Bank, the expected loss provision for stage 1 and stage 2, measured in accordance with the TFRS 9 forecast loss model, is TL 5.275.805 (December 31, 2022: TL 3.413.700).

Credit risk is assessed according to the Bank's internal rating model. While the ratings of the customers outside the financial sector in the loan portfolio are made with the internal rating model, the ratings of the customers involved in the financial sector are matched to the internal ratings of the Bank given by external rating agencies.

Information on credit amounts rated by internal rating model is given table below.

Loan Quality Categories	Current Period	Prior Period
Above Average Grade	54.709.780	28.134.700
Average Grade	66.952.350	42.703.957
Below Average Grade	16.742.302	13.023.518
Impaired	3.945.208	2.300.636
<b>Total</b>	<b>142.349.640</b>	<b>86.162.811</b>

The total risk of the Bank's cash loans, non-cash loans and financial leasing receivables (including non-performing loans, excluding expected loss provisions) amounted to TL 142.360.311 (December 31, 2022: TL 87.579.622) as of the balance sheet date, and customers constituting TL 10.671 of this amount (December 31, 2022: TL 1.416.811) were not rated.

An aging analysis of loans with a delay of 31 days or more in close monitoring but not impaired is as follows:

	Current Period				Prior Period			
	31- 60 Days	61- 90 Days	Other	Total (1)	31- 60 Days	61- 90 Days	Other	Total(1)
Corporate Loans	12.411	-	-	12.411	-	-	-	-
SME Loans	-	-	-	-	-	-	-	-
Consumer Loans	-	-	-	-	-	-	-	-
<b>Total</b>	<b>12.411</b>	<b>-</b>	<b>-</b>	<b>12.411</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

(1) Only the overdue amounts of the loans included in the relevant items are included and the total credit balance of these loans is TL 387.794 on 31 December 2023. No delay in closely monitored loans on 31 December 2022.

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.**  
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**SECTION FOUR (Continued)**

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

**II. Explanations related to credit risk (continued)**

*Profile of significant exposures in major region*

							<i>Risk Types (1)</i>										
<b>Current Period</b>	Exposures to sovereigns and their central banks	Exposures to regional and local governments	Exposures to administrative bodies and noncommercial entities	Exposures to multilateral development banks	Exposures to international organizations	Exposures to banks and securities firms	Exposures to corporates	Retail exposures	Exposures secured by property	Past due receivables	Exposures in higher-risk categories	Exposures in the form of bonds secured by mortgages	Short term exposures to banks, brokerage houses and corporates	Equity investments in the form of collective investment undertakings	Equity investments	Other exposures	<b>Total</b>
Domestic	25.924.091	-	1.579	-	-	11.336.362	85.908.222	-	952.426	866.437	57.269	-	-	271.765	114.017	516.948	25.949.116
European Union (EU) Countries	-	-	-	5.975	-	130.906	-	-	-	-	-	-	-	-	462.591	103.661	703.133
OECD Countries (2)	-	-	-	-	-	23.252	-	-	-	-	-	-	-	-	-	-	23.252
Off-Shore Banking Regions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
USA, Canada	-	-	-	-	-	289.704	-	-	-	-	-	-	-	-	-	-	289.704
Other Countries	-	-	-	33.976	-	32.756	-	-	-	-	-	-	-	-	-	-	66.732
Associates, Subsidiaries and Joint-Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5.736.491	-	5.736.491
Unallocated Assets/ Liabilities (3)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>25.924.091</b>	<b>-</b>	<b>1.579</b>	<b>39.951</b>	<b>-</b>	<b>11.812.980</b>	<b>85.908.222</b>	<b>-</b>	<b>952.426</b>	<b>866.437</b>	<b>57.269</b>	<b>-</b>	<b>-</b>	<b>271.765</b>	<b>6.313.099</b>	<b>620.609</b>	<b>32.768.428</b>

(1) Risk types in the Communiqué on "Measurement and Assessment of Capital Adequacy of Banks" have been used. Since there is no securitization position, risk class of "Securitization Positions" has not been included in the table. Includes risk amounts after the effect of credit risk mitigation and the credit conversion.

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

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

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**SECTION FOUR (Continued)**

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

**II. Explanations related to credit risk (continued)**

*Profile of significant exposures in major region (continued)*

Prior Period	Risk Types (1)																
	Exposures to sovereigns and their central banks	Exposures to regional and local governments	Exposures to administrative bodies and noncommercial entities	Exposures to multilateral development banks	Exposures to international organizations	Exposures to banks and securities firms	Exposures to corporates	Retail exposures	Exposures secured by property	Past due receivables	Exposures in higher-risk categories	Exposures in the form of bonds secured by mortgages	Short term exposures to banks, brokerage houses and corporates	Equity investments in the form of collective investment undertakings	Equity investments	Other exposures	Total
Domestic	22.003.678	-	2.303	-	-	7.159.191	61.492.619	-	792.218	186.913	84.846	-	-	545.914	71.360	272.989	92.612.031
European Union (EU) Countries	-	-	-	44.991	-	193.793	-	-	-	-	-	-	-	-	309.796	105.607	654.187
OECD Countries (2)	-	-	-	-	-	3.422	-	-	-	-	-	-	-	-	-	-	3.422
Off-Shore Banking Regions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
USA, Canada	-	-	-	-	-	599.131	-	-	-	-	-	-	-	-	-	-	599.131
Other Countries	-	-	-	20.260	-	26.152	232.459	-	-	-	-	-	-	-	-	-	278.871
Associates, Subsidiaries and Joint-Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3.234.726	-	3.234.726
Unallocated Assets/Liabilities (3)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>22.003.678</b>	<b>-</b>	<b>2.303</b>	<b>65.251</b>	<b>-</b>	<b>7.981.689</b>	<b>61.725.078</b>	<b>-</b>	<b>792.218</b>	<b>186.913</b>	<b>84.846</b>	<b>-</b>	<b>-</b>	<b>545.914</b>	<b>3.615.882</b>	<b>378.596</b>	<b>97.382.368</b>

(1) Risk types in the Communiqué on "Measurement and Assessment of Capital Adequacy of Banks" have been used. Since there is no securitization position, risk class of "Securitization Positions" has not been included in the table. Includes risk amounts after the effect of credit risk mitigation and the credit conversion.

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

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

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**SECTION FOUR (Continued)**

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

**II. Explanations related to consolidated credit risk (continued)**

**Explanations related to credit risk (continued)**

*Risk profile by sectors or counterparties*

Current Period	Risk Types (1)																TL	FC	Total
	Exposures to sovereigns and their central banks	Exposures to regional and local governments	Exposures to administrative bodies and noncommercial entities	Exposures to multilateral development banks	Exposures to international organizations	Exposures to banks and securities firms	Exposures to corporates	Retail exposures	Exposures secured by property	Past due receivables	Exposures in higher-risk categories	Exposures in the form of bonds secured by mortgages	Short term exposures to banks, brokerage houses and corporates	Equity investments in the form of collective investment undertakings	Equity investments	Other exposures			
Agriculture	-	-	-	-	-	-	52.322	-	-	2.800	16	-	-	-	-	340	3.156	52.322	55.478
Farming and Stockbreeding	-	-	-	-	-	-	52.322	-	-	2.800	16	-	-	-	-	-	2.816	52.322	55.138
Forestry	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	340	340	-	340
Fishery	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Manufacturing	-	-	-	-	-	-	61.920.549	-	278.440	402.804	2.620	-	-	-	-	-	7.579.126	55.025.287	62.604.413
Mining and Quarrying	-	-	-	-	-	-	1.106.677	-	-	-	-	-	-	-	-	-	1.262	1.105.415	1.106.677
Production	-	-	-	-	-	-	24.657.340	-	276.107	98.833	22	-	-	-	-	-	4.192.621	20.839.681	25.032.302
Electricity, Gas and Water	-	-	-	-	-	-	36.156.532	-	2.333	303.971	2.598	-	-	-	-	-	3.385.243	33.080.191	36.465.434
Construction	-	-	-	-	-	-	1.724.341	-	259.726	437.156	54.633	-	-	-	-	-	541.676	1.934.180	2.475.856
Services	2.485.658	-	-	39.951	-	11.812.980	20.984.671	-	414.260	23.677	-	-	-	271.765	6.313.099	549.972	15.392.254	27.503.779	42.896.033
Wholesale and Retail Trade	-	-	-	-	-	-	488.046	-	74.952	13.875	-	-	-	-	-	-	123.125	453.748	576.873
Accommodation and Dining	-	-	-	-	-	-	2.423.641	-	179.403	-	-	-	-	-	-	-	800.317	1.802.727	2.603.044
Transportation and Telecommunication	-	-	-	-	-	-	7.725.304	-	159.905	9.802	-	-	-	-	3.550	-	13.921	7.884.640	7.898.561
Financial Institutions	2.485.658	-	-	39.951	-	11.812.980	6.581.452	-	-	-	-	-	-	271.765	6.282.621	549.925	14.277.082	13.747.270	28.024.352
Real Estate and Rental Services	-	-	-	-	-	-	83.610	-	-	-	-	-	-	-	-	-	4.014	79.596	83.610
Professional Services	-	-	-	-	-	-	284.287	-	-	-	-	-	-	-	26.928	47	26.975	284.287	311.262
Educational Services	-	-	-	-	-	-	364.194	-	-	-	-	-	-	-	-	-	146.820	217.374	364.194
Health and Social Services	-	-	-	-	-	-	3.034.137	-	-	-	-	-	-	-	-	-	-	3.034.137	3.034.137
Others	23.438.433	-	1.579	-	-	-	1.226.339	-	-	-	-	-	-	-	-	70.297	14.167.902	10.568.746	24.736.648
<b>Total</b>	<b>25.924.091</b>	<b>-</b>	<b>1.579</b>	<b>39.951</b>	<b>-</b>	<b>11.812.980</b>	<b>85.908.222</b>	<b>-</b>	<b>952.426</b>	<b>866.437</b>	<b>57.269</b>	<b>-</b>	<b>-</b>	<b>271.765</b>	<b>6.313.099</b>	<b>620.609</b>	<b>37.684.114</b>	<b>95.084.314</b>	<b>132.768.428</b>

(1) Risk types in the Communiqué on "Measurement and Assessment of Capital Adequacy of Banks" have been used. Since there is no securitization position, risk class of "Securitization Positions" has not been included in the table. Includes risk amounts after the effect of credit risk mitigation and the credit conversion.

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.**  
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**SECTION FOUR (Continued)**

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

**II. Explanations related to consolidated credit risk (continued)**

*Risk profile by sectors or counterparties (continued)*

Prior Period	Risk Types (1)																TL	FC	Total
	Exposures to sovereigns and their central banks	Exposures to regional and local governments	Exposures to administrative bodies and noncommercial entities	Exposures to multilateral development banks	Exposures to international organizations	Exposures to banks and securities firms	Exposures to corporates	Retail exposures	Exposures secured by property	Past due receivables	Exposures in higher-risk categories	Exposures in the form of bonds secured by mortgages	Short term exposures to banks, brokerage houses and corporates	Equity investments in the form of collective investment undertakings	Equity investments	Other exposures			
Agriculture	7	-	-	-	-	-	32.986	-	-	2.793	16	-	-	-	-	340	9.584	26.551	36.135
Farming and Stockbreeding	-	-	-	-	-	-	32.986	-	-	2.793	16	-	-	-	-	-	9.244	26.551	35.795
Forestry	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	340	340	-	340
Fishery	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Manufacturing	-	-	-	-	-	-	44.378.289	-	268.266	131.889	84.816	-	-	-	-	-	4.764.939	40.098.321	44.863.260
Mining and Quarrying	-	-	-	-	-	-	1.220.452	-	-	-	-	-	-	-	-	-	148	1.220.304	1.220.452
Production	-	-	-	-	-	-	16.366.559	-	214.923	5.938	13	-	-	-	-	-	3.328.615	13.258.818	16.587.433
Electricity, Gas and Water	-	-	-	-	-	-	26.791.278	-	53.343	125.951	84.803	-	-	-	-	-	1.436.176	25.619.199	27.055.375
Construction	-	-	-	-	-	231	2.102.394	-	138.940	1.782	14	-	-	-	-	-	275.749	1.967.612	2.243.361
Services	2.485.656	-	-	35.595	-	7.930.028	14.524.878	-	385.012	50.449	-	-	-	545.914	3.615.882	323.721	11.207.259	18.689.876	29.897.135
Wholesale and Retail Trade	-	-	-	-	-	-	725.421	-	3.658	16.046	-	-	-	-	-	-	253.037	492.088	745.125
Accommodation and Dining	-	-	-	-	-	-	1.292.124	-	241.441	-	-	-	-	-	-	-	209.984	1.323.581	1.533.565
Transportation and Telecommunication	-	-	-	-	-	-	4.588.785	-	139.913	34.403	-	-	-	-	2.137	-	43.846	4.721.392	4.765.238
Financial Institutions	2.485.656	-	-	35.595	-	7.930.028	4.630.943	-	-	-	-	-	-	545.914	3.590.161	323.721	10.433.937	9.108.081	19.542.018
Real Estate and Rental Services	-	-	-	-	-	-	57.003	-	-	-	-	-	-	-	-	-	44.236	12.767	57.003
Professional Services	-	-	-	-	-	-	315.778	-	-	-	-	-	-	-	23.584	-	26.661	312.701	339.362
Educational Services	-	-	-	-	-	-	382.110	-	-	-	-	-	-	-	-	-	195.558	186.552	382.110
Health and Social Services	-	-	-	-	-	-	2.532.714	-	-	-	-	-	-	-	-	-	-	2.532.714	2.532.714
Others	19.518.022	-	2.303	29.656	-	51.430	686.531	-	-	-	-	-	-	-	-	54.535	10.423.334	9.919.143	20.342.477
<b>Total</b>	<b>22.003.678</b>	<b>-</b>	<b>2.303</b>	<b>65.251</b>	<b>-</b>	<b>7.981.689</b>	<b>61.725.078</b>	<b>-</b>	<b>792.218</b>	<b>186.913</b>	<b>84.846</b>	<b>-</b>	<b>-</b>	<b>545.914</b>	<b>3.615.882</b>	<b>378.596</b>	<b>26.680.865</b>	<b>70.701.503</b>	<b>97.382.368</b>

(1) The risk classes in the Regulation on the Measurement and Assessment of Capital Adequacy of Banks were taken into consideration. Since there are no securitization positions, the risk class "Securitization Positions" is not included in the table. Risk amounts after credit conversion rate and credit risk reduction are included



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**SECTION FOUR (Continued)**

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

**II. Explanations related to consolidated credit risk (continued)**

**Analysis of maturity-bearing exposures according to remaining maturities**

<b>Risk Types (1)</b>	<b>Term to Maturity</b>				
	<b>1 month</b>	<b>1-3 months</b>	<b>3-6 months</b>	<b>6-12 months</b>	<b>Over 1 year</b>
Exposures to sovereigns and their central banks	3.328.614	35.944	987.137	3.105.963	18.464.823
Exposures to regional and local governments	-	-	-	-	-
Exposures to administrative bodies and noncommercial entities	1.579	-	-	-	-
Exposures to multilateral development banks	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-
Exposures to banks and securities firms	10.170.609	135.030	446.931	178.959	780.083
Exposures to corporates	951.359	5.785.260	4.664.766	3.744.703	70.029.064
Retail exposures	-	-	-	-	-
Exposures secured by property	-	1.631	44.754	64.945	841.096
Past due receivables	-	-	-	-	-
Exposures in higher-risk categories	54.620	-	978	-	-
Exposures in the form of bonds secured by mortgages	-	-	-	-	-
Securitization positions	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-
Equity investments in the form of collective investment undertakings	-	-	-	-	-
Equity investments	-	-	-	-	-
Other exposures	-	-	-	-	95.536
<b>Total</b>	<b>14.506.781</b>	<b>5.957.865</b>	<b>6.144.566</b>	<b>7.094.570</b>	<b>90.210.602</b>

(1) The conversion rate to credit and the risk amounts after credit risk reduction are included.

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**SECTION FOUR (Continued)**

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

**II. Explanations related to consolidated credit risk (Continued)**

**Analysis of maturity-bearing exposures according to remaining maturities (Continued)**

<b>Risk Types (1)</b>	<b>Term to Maturity</b>				
	<b>1 month</b>	<b>1-3 months</b>	<b>3-6 months</b>	<b>6-12 months</b>	<b>Over 1 year</b>
<b>Prior Period</b>					
Exposures to sovereigns and their central banks	2.145.951	3.092.235	185.842	1.400.945	14.464.546
Exposures to regional and local governments	-	-	-	-	-
Exposures to administrative bodies and noncommercial entities	2.303	-	-	-	-
Exposures to multilateral development banks	-	-	30.841	4.754	-
Exposures to international organizations	-	-	-	-	-
Exposures to banks and securities firms	5.657.043	564.777	801.851	-	906.468
Exposures to corporates	2.266.109	2.224.752	2.025.477	5.199.223	49.257.776
Retail exposures	-	-	-	-	-
Exposures secured by property	5.579	-	11.138	30.320	745.181
Past due receivables	-	-	-	-	-
Exposures in higher-risk categories	-	-	-	-	82.856
Exposures in the form of bonds secured by mortgages	-	-	-	-	-
Securitization positions	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-
Equity investments in the form of collective investment undertakings	-	-	-	-	-
Equity investments	-	-	-	-	-
Other exposures	70	-	-	-	24.530
<b>Total</b>	<b>10.077.055</b>	<b>5.881.764</b>	<b>3.055.149</b>	<b>6.635.242</b>	<b>65.481.357</b>

(1) The conversion rate to credit and the risk amounts after credit risk reduction are included.

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**SECTION FOUR (Continued)**

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

**II. Explanations related to consolidated credit risk (continued)**

*Disclosures on credit risk (continued)*

In determining the risk weights of the risk classes specified in Article 6 of the Regulation on the Measurement and Evaluation of the Capital Adequacy of Banks, the international ratings of Fitch Ratings International Rating and JCR Avrasya Derecelendirme A.Ş. are used.

The ratings given by Fitch Ratings are used for receivables from banks and intermediary institutions whose counterparty is a resident of abroad and for receivables from central governments and central banks in the risk classes. The ratings given by JCR Avrasya Derecelendirme A.Ş. are used for receivables from banks and intermediary institutions whose counterparties are resident domestically and corporate receivables are included in the risk classes and for receivables that are denominated in TL. Other receivables from domestic residents who are not included in this scope are considered as ungraded. Credit ratings for these risk classes are not used for other assets from the borrower.

The table on matching the ratings used in the calculations to the credit quality grades is given below.

Credit Quality Level	1	2	3	4	5	6
Grade	AAA with AA-	A+ with A-	BBB+ with BBB-	BB+ with BB-	B+ with B-	CCC+ and below

**Exposures by risk weights**

Current Period												
Risk Weight	%0	%10	%20	%25	%50	%75	%100	%150	%200	%250	%500	Deductions from Equity
Amount Before Credit Risk Mitigation	25.958.958	-	11.707.563	-	10.849.902	-	81.990.590	2.544	17.532	2.150.533	90.804	774.407
Amount After Credit Risk	25.964.041	-	11.707.563	-	11.808.451	-	81.026.958	2.544	17.532	2.150.533	90.804	774.407

Prior Period											
Risk Weight	%0	%10	%20	%25	%50	%75	%100	%150	%200	%250	Deductions from Equity
Amount Before Credit Risk Mitigation	22.058.613	-	7.358.970	-	7.717.862	-	58.489.569	84.039	378.942	1.294.373	254.825
Amount After Credit Risk Reduction	22.068.929	-	7.358.970	-	8.510.161	-	57.686.954	84.039	378.942	1.294.373	254.825

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**SECTION FOUR (Continued)**

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

**II. Explanations related to consolidated credit risk (continued)**

*Information of major sectors or type of counterparties*

The Parent Bank's all impaired and non-performing receivables comprise of domestic receivables.

Current Period	Loans (1)		Provisions
Major Sectors / Counterparties	Impaired		Expected Credit Losses (TFRS 9)
	Significant Increase in Credit Risk (Stage 2)	Defaulted (Stage 3)	
Agriculture	-	27.999	25.200
Farming and Stockbreeding	-	27.999	25.200
Forestry	-	-	-
Fishery	-	-	-
Manufacturing	5.577.512	2.453.318	3.460.904
Mining and Quarrying	-	-	-
Production	793.822	328.922	398.196
Electricity, Gas and Water	4.783.690	2.124.396	3.062.708
Services	6.143.064	265.417	2.490.589
Wholesale and Retail Trade	724.942	69.373	163.754
Accommodation and Dining	-	-	-
Transportation and Telecommunication	5.418.122	196.044	2.326.835
Financial Institutions	-	-	-
Real Estate, Rental and Management Services	-	-	-
Professional Services	-	-	-
Educational Services	-	-	-
Health and Social Services	-	-	-
Others	1.405.069	1.192.428	1.065.020
<b>Total</b>	<b>13.125.645</b>	<b>3.939.162</b>	<b>7.041.713</b>

(1) Includes breakdown of cash loans and financial lease receivables.

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**SECTION FOUR (Continued)**

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

**II. Explanations related to consolidated credit risk (continued)**

*Information of major sectors or type of counterparties (continued)*

Prior Period	Loans (1)		Provisions
Major Sectors / Counterparties	Impaired		Expected Credit Losses (TFRS 9)
	Significant Increase in Credit Risk (Stage 2)	Defaulted (Stage 3)	
Agriculture	-	27.935	25.141
Farming and Stockbreeding	-	27.935	25.141
Forestry	-	-	-
Fishery	-	-	-
Manufacturing	3.551.781	1.920.957	2.856.972
Mining and Quarrying	-	-	-
Production	759.144	35.173	175.599
Electricity, Gas and Water	2.792.637	1.885.784	2.681.373
Services	5.218.021	289.540	1.601.691
Wholesale and Retail Trade	581.898	81.354	223.108
Accommodation and Dining	-	-	-
Transportation and Telecommunication	3.009.146	202.372	1.161.263
Financial Institutions	-	-	-
Real Estate, Rental and Management Services	-	5.814	5.814
Professional Services	-	-	-
Educational Services	-	-	-
Health and Social Services	1.626.977	-	211.506
Others	1.083.722	88.509	307.871
<b>Total</b>	<b>9.853.524</b>	<b>2.326.941</b>	<b>4.791.675</b>

(1) The distribution of cash loans and financial leasing receivables is included.

*Information related with value adjustments and loan loss provisions*

Current Period	Opening balance	Provision for the period	Provision reversals	Other adjustments	Closing balance
Stage 3 Provisions	2.140.027	1.143.281	(210.583)	-	3.072.725
Stage 1-2 Provisions	3.413.700	1.862.949	(844)	-	5.275.805

Prior Period	Opening balance	Provision for the period	Provision reversals	Other adjustments	Closing balance
Stage 3 Provisions	1.120.213	1.104.327	(84.513)	-	2.140.027
Stage 1-2 Provisions	2.064.589	1.368.958	(19.847)	-	3.413.700

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**SECTION FOUR (Continued)**

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

**II. Explanations related to consolidated credit risk (continued)**

*Exposures subject to countercyclical capital buffer*

The geographical distribution of receivables from the private sector is taken into account for Calculation of Bank specific Counter Cyclical Capital Buffer with the scope of Capital Conservation and Counter-Cyclical Capital Buffers Regulation which is published on the Official Gazette no.28812 dated November 5, 2013 and sub-arrangements is given table below.

<b>Current Period</b> <b>Country risk taken</b> <b>ultimately</b>	<b>Private Sector Loans in</b> <b>Banking Book</b>	<b>Risk Weighted Amount</b> <b>calculations for Trading Book</b>	<b>Total</b>
United States	149.517	-	149.517
England	41.080	-	41.080
Luxembourg	566.253	-	566.253
Turkey	91.958.626	3.938	91.962.563
<b>Total</b>	<b>92.715.476</b>	<b>3.938</b>	<b>92.719.413</b>

<b>Prior Period</b> <b>Country risk taken</b> <b>ultimately</b>	<b>Private Sector Loans in</b> <b>Banking Book</b>	<b>Risk Weighted Amount</b> <b>calculations for Trading Book</b>	<b>Total</b>
United States	287.789	-	287.789
Georgia	232.459	-	232.459
England	4.237	-	4.237
Luxembourg	415.403	-	415.403
Turkey	64.984.084	-	64.984.084
<b>Total</b>	<b>65.923.972</b>	<b>-</b>	<b>65.923.972</b>

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**SECTION FOUR (Continued)**

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

**III. Explanations related to currency risk**

Due to the uncertainties and volatilities in the markets, no short or long positions are followed, so it is foreseen that there will be no exchange rate risk. However, the exchange rate risks that may occur are still calculated on a monthly basis in the exchange rate risk table within the scope of the standard method, and the results are reported to the official authorities and the Bank's senior management. Thus, exchange rate risk is closely monitored.

The position limit for currency risk is calculated in accordance with the terms of the "Regulation on the Calculation and Application of the Foreign Currency Net General Position/Equity Standard Ratio by Banks on a Consolidated and Unconsolidated Basis".

As part of the overall market risk, currency risk is also taken into account in the calculation of the Standard Ratio of Capital Adequacy.

No open positions are taken for foreign currency risks, and when any exchange rate risk arises from customer transactions, no exchange rate risk is carried by taking a counter position.

Announced current foreign exchange buying rates of the Bank as at reporting date and the previous five working days in US Dollar and Euro are as follows:

	<b>1 US Dollar</b>	<b>1 Euro</b>
<b>The Parent Bank's "Foreign Exchange Valuation Rate"</b>		
December 31, 2023	29,3555	32,4643
<b><u>Prior Five Workdays:</u></b>		
December 29, 2023	29,3555	32,4643
December 28, 2023	29,2590	32,5126
December 27, 2023	29,1185	32,1439
December 26, 2023	29,1535	32,1417
December 25, 2023	29,0100	31,9284

Simple arithmetic one month averages of the US Dollar and Euro buying rates of the Bank before the reporting date are full TL 28,9358 and 31,6094 respectively.

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**SECTION FOUR (Continued)**

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

**III. Explanations related to currency risk (continued)**

*Information on the Bank's foreign currency risk:*

Current Period	Euro	US Dollar	Other FC	Total
<b>Assets</b>				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased, Precious Metals) and Balances with the Central Bank of Turkey	315.501	2.618.641	-	2.934.142
Banks (8)	214.939	4.540.062	9.352	4.764.353
Financial Assets at Fair Value Through Profit or Loss (1)	279.142	730.989	995	1.011.126
Money Market Placements	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	2.213.663	3.700.767	-	5.914.430
Loans (2)	49.601.081	64.913.023	-	114.514.104
Subsidiaries, Associates and Entities Under Common Control (Joint Vent.)	-	-	-	-
Financial Assets Measured at Amortized Cost (3)	854.354	9.640.401	-	10.494.755
Derivative Financial Assets for Hedging Purposes (4)	-	334.747	-	334.747
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets (5)	569	121.862	-	122.431
<b>Total Assets</b>	<b>53.479.249</b>	<b>86.600.492</b>	<b>10.347</b>	<b>140.090.088</b>
<b>Liabilities</b>				
Bank Deposits	-	-	-	-
Foreign Currency Deposits	-	-	-	-
Money Market Borrowings	551.587	1.673.335	-	2.224.922
Funds Provided From Other Financial Institutions	34.004.232	78.714.550	-	112.718.782
Marketable Securities Issued	-	32.227.091	-	32.227.091
Miscellaneous Payables	365.362	1.368.971	2.219	1.736.552
Derivative Financial Liabilities for Hedging Purposes (4)	-	130.762	-	130.762
Other Liabilities (6)	1.329.904	1.008.178	939	2.339.021
<b>Total Liabilities</b>	<b>36.251.085</b>	<b>115.122.887</b>	<b>3.158</b>	<b>151.377.130</b>
<b>Net Balance Sheet Position</b>	<b>17.228.164</b>	<b>(28.522.395)</b>	<b>7.189</b>	<b>(11.287.042)</b>
<b>Net Off-Balance Sheet Position</b>	<b>(16.318.968)</b>	<b>28.590.448</b>	<b>630</b>	<b>12.272.110</b>
Financial Derivative Assets	1.783.110	30.780.011	626.441	33.189.562
Financial Derivative Liabilities	(18.102.078)	(2.189.563)	(625.811)	(20.917.452)
Non-Cash Loans (7)	5.606.944	4.107.324	-	9.714.268
<b>Prior Period</b>				
Total Assets	32.034.478	59.701.475	8.200	91.744.153
Total Liabilities	24.551.503	75.812.386	2.335	100.366.224
<b>Net Balance Sheet Position</b>	<b>7.482.975</b>	<b>(16.110.911)</b>	<b>5.865</b>	<b>(8.622.071)</b>
<b>Net Off-Balance Sheet Position</b>	<b>(6.036.513)</b>	<b>17.593.190</b>	<b>197</b>	<b>11.556.874</b>
Financial Derivative Assets	2.987.322	20.472.875	131.455	23.591.652
Financial Derivative Liabilities	(9.023.835)	(2.879.685)	(131.258)	(12.034.778)
Non-Cash Loans (7)	3.145.030	2.672.285	-	5.817.315

(1) Exchange rate differences arising from derivative transactions amounting to TL 138.110 is deducted from "Financial Assets at Fair Value Through Profit and Loss".

(2) Loans include TL 1.354.681 foreign currency indexed loans, TL 418.318 financial lease receivables, TL 925 non-performing loans, and TL (925) credit-impaired losses (stage III / specific provision). (4.323.614) TL 1. and 2. the stage includes the expected loss provision amounts (including foreign currency indexed loans).

(3) (6.818) TL 1. the stage includes the amount of expected loss provision.

(4) Derivative financial assets for hedging purposes has classified in line of derivative financial assets in financial statement. Derivative financial liabilities for hedging purposes has classified in line of derivative financial liabilities in financial statement. TL 24.108 of foreign exchange difference accrual has been deducted from "Hedging Derivative Financial Assets", in the line, the currency difference discount amounting to TL 39.214 was not taken into account in the line "Derivative Financial Liabilities for Hedging Purposes".

(5) It does not include paid expenses in the amount of TL 17.265. (3) TL 1. the stage includes the amount of expected loss provision.

(6) Derivative financial transactions currency difference rebates amounting to TL 139.437 and foreign currency exchange commitments rebates amounting to TL 184 are not included in the "Other Liabilities" line.

(7) There is no effect on the net off-balance sheet position.

(8) (649) TL 1. the stage includes the amount of expected loss provision



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**SECTION FOUR (Continued)**

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

**III. Explanations related to currency risk (continued)**

The Bank is mostly exposed to Euro, US Dollars and other foreign currencies.

The following tables detail the Bank's sensitivity to 10% increase/decrease in the TL against US Dollar, Euro and other currencies.

	Increase in Currency Rate	Effect on Profit / Loss (1)		Effect on Equity (2)	
		Current Period	Prior Period	Current Period	Prior Period
US Dollar	10	(3.604)	120.463	10.410	27.765
Euro	10	106.764	145.778	(15.845)	(1.132)
Other	10	782	606	-	-

	Decrease in Currency Rate	Effect on Profit / Loss (1)		Effect on Equity (2)	
		Current Period	Prior Period	Current Period	Prior Period
US Dollar	10	3.604	(120.463)	(10.410)	(27.765)
Euro	10	(106.764)	(145.778)	15.845	1.132
Other	10	(782)	(606)	-	-

(1) Values expressed are before the tax effect.

(2) Effect on equity does not include effect on profit/loss.

**IV. Explanations related to interest rate risk**

Interest rate sensitivity of the assets, liabilities and off-balance sheet items are measured by the Bank. General and specific interest rate risk tables in the standard method, by including assets and liabilities, are taken into account in determination of Capital Adequacy Standard Ratio and to calculate the overall interest rate risk of the Bank.

Forecast results, which have been formed using estimation-simulation reports are prepared and then the effects of fluctuations in interest rates are evaluated with sensitivity and scenario analysis. Cash requirement for every maturity period is determined based on maturity distribution analysis (Gap). In addition, a positive spread between the yield on assets and the cost of liabilities is kept while determining interest rates.

The amount of local borrowings are very low considering the total liabilities of the Bank. As the Bank is a development and investment bank, it obtains most of the funding from abroad.

The fluctuations in interest rates are controlled with interest rate risk tables, gap analysis, scenario analysis and stress tests, its effect on assets and liabilities and the probable changes in cash flows are being screened. The Bank screens many risk control ratios including the markets risk ratio to the sum of risk weighted assets and the ratio of the value at risk calculated as per the internal model to the equity.

Under the scope of risk policies, continuous controls are made to prevent assets or shareholders' equity from adverse effects because of fluctuations in interest rates or liquidity difficulties and top management, the Board of Directors and the Audit Committee are informed of these risks.

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**SECTION FOUR (Continued)**

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

**IV. Explanations related to interest rate risk (continued)**

*Information related to the interest rate sensitivity of assets, liabilities and off-balance sheet items  
(based on repricing dates)*

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-interest bearing (1)	Total (2)
<b>Assets</b>							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased) and Balances with the Central Bank of Turkey (2)	-	-	-	-	-	2.942.824	2.942.824
Banks (2)	4.367.139	-	-	-	-	398.682	4.765.821
Financial Assets at Fair Value Through Profit and Loss (3)	1.462.194	22.819	54.469	391.980	3.235	279.883	2.214.580
Money Market Placements (2)	7.098.477	135.030	183.901	-	-	-	7.417.408
Financial Assets at Fair Value Through Other Comprehensive Income (2)	1.607.642	38.106	1.529.624	3.951.216	1.818.599	867.355	9.812.542
Loans (2)	59.217.282	16.627.330	28.650.600	17.184.879	5.384.650	-	127.064.741
Financial Assets Measured at Amortized Cost (2)	8.392.539	-	-	7.861.133	2.640.440	-	18.894.112
Other Assets (2)	-	-	-	-	-	3.772.009	3.772.009
<b>Total Assets</b>	<b>82.145.273</b>	<b>16.823.285</b>	<b>30.418.594</b>	<b>29.389.208</b>	<b>9.846.924</b>	<b>8.260.753</b>	<b>176.884.037</b>
<b>Liabilities</b>							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Money Market Borrowings	1.871.051	610.008	-	-	-	-	2.481.059
Miscellaneous Payables	-	-	-	-	-	1.762.361	1.762.361
Marketable Securities Issued	638.319	428.578	415.376	30.744.818	-	-	32.227.091
Funds Provided from Other Financial Institutions (4)	66.357.642	12.873.858	21.187.698	11.493.912	981.090	-	112.894.200
Other Liabilities	968.100	27.441	93.948	185.965	-	26.243.872	27.519.326
<b>Total Liabilities</b>	<b>69.835.112</b>	<b>13.939.885</b>	<b>21.697.022</b>	<b>42.424.695</b>	<b>981.090</b>	<b>28.006.233</b>	<b>176.884.037</b>
<b>Balance Sheet Long Position</b>	<b>12.310.161</b>	<b>2.883.400</b>	<b>8.721.572</b>	<b>-</b>	<b>8.865.834</b>	<b>-</b>	<b>32.780.967</b>
<b>Balance Sheet Short Position</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(13.035.487)</b>	<b>-</b>	<b>(19.745.480)</b>	<b>(32.780.967)</b>
Off-Balance Sheet Long Position	-	-	-	8.938.975	415.732	-	9.354.707
Off-Balance Sheet Short Position	(4.489.815)	(235.935)	(4.875.812)	-	-	-	(9.601.562)
<b>Total Position</b>	<b>7.820.346</b>	<b>2.647.465</b>	<b>3.845.760</b>	<b>(4.096.512)</b>	<b>9.281.566</b>	<b>(19.745.480)</b>	<b>(246.855)</b>

(1) Amounts in investments in associates and subsidiaries, deferred tax asset, tangible and intangible assets, other assets, other miscellaneous liabilities, shareholders' equity, provisions and tax liability are presented in non-interest bearing column, in order to reconcile the total assets and liabilities on the balance sheet.

(2) Expected credit losses for stage 1 and stage 2 are shown on the other assets, non-interest bearing.

(3) Derivative financial assets and loans measured at fair value through profit or loss.

(4) Includes Tier 2 subordinated bonds which are classified on the balance sheet as subordinated loans.

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

**IV. Explanations related to interest rate risk (continued)**

*Information related to the interest rate sensitivity of assets, liabilities and off-balance sheet items  
(based on repricing dates)*

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-interest bearing (1) (2)	Total
<b>Assets</b>							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased) and Balances with the Central Bank of Turkey (2)	-	-	-	-	-	2.797.939	2.797.939
Banks (2)	474.614	-	-	-	-	897.148	1.371.762
Financial Assets at Fair Value Through Profit and Loss (3)	1.209.374	192.682	531.870	421.501	40.169	-	2.395.596
Money Market Placements (2)	4.723.157	534.426	460.888	-	-	-	5.718.471
Financial Assets at Fair Value Through Other Comprehensive Income	807.026	2.960.102	1.859.992	3.236.902	1.243.621	946.129	11.053.772
Loans (2)	20.047.765	13.235.609	27.064.586	13.583.455	4.202.569	-	78.133.984
Financial Assets Measured at Amortized Cost (2)	6.195.613	-	-	4.288.990	2.341.378	-	12.825.981
Other Assets (2)	-	-	-	-	-	1.277.867	1.277.867
<b>Total Assets</b>	<b>33.457.549</b>	<b>16.922.819</b>	<b>29.917.336</b>	<b>21.530.848</b>	<b>7.827.737</b>	<b>5.919.083</b>	<b>115.575.372</b>
<b>Liabilities</b>							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Money Market Borrowings	1.442.591	275	-	-	-	-	1.442.866
Miscellaneous Payables	-	-	-	-	-	1.900.376	1.900.376
Marketable Securities Issued (4)	7.130.287	-	-	13.917.465	-	-	21.047.752
Funds Provided from Other Financial Institutions	26.330.965	12.552.032	24.037.279	9.855.058	1.867.878	-	74.643.212
Other Liabilities	523.544	267.842	300.243	6.015	36.944	15.406.578	16.541.166
<b>Total Liabilities</b>	<b>35.427.387</b>	<b>12.820.149</b>	<b>24.337.522</b>	<b>23.778.538</b>	<b>1.904.822</b>	<b>17.306.954</b>	<b>115.575.372</b>
<b>Balance Sheet Long Position</b>	<b>-</b>	<b>4.102.670</b>	<b>5.579.814</b>	<b>-</b>	<b>5.922.915</b>	<b>-</b>	<b>15.605.399</b>
<b>Balance Sheet Short Position</b>	<b>(1.969.838)</b>	<b>-</b>	<b>-</b>	<b>(2.247.690)</b>	<b>-</b>	<b>(11.387.871)</b>	<b>(15.605.399)</b>
Off-Balance Sheet Long Position	575.485	-	1.164.374	211.682	441.510	-	2.393.051
Off-Balance Sheet Short Position	-	(1.249.105)	-	-	-	-	(1.249.105)
<b>Total Position</b>	<b>(1.394.353)</b>	<b>2.853.565</b>	<b>6.744.188</b>	<b>(2.036.008)</b>	<b>6.364.425</b>	<b>(11.387.871)</b>	<b>1.143.946</b>

(1) Amounts in investments in associates and subsidiaries, deferred tax asset, tangible and intangible assets, other assets, other miscellaneous liabilities, shareholders' equity, provisions and tax liability are presented in non-interest bearing column, in order to reconcile the total assets and liabilities on the balance sheet.

(2) Expected credit losses for stage 1 and stage 2 are shown on the other assets, non-interest bearing.

(3) Derivative financial assets and loans measured at fair value through profit or loss.

(4) Includes Tier 2 subordinated bonds which are classified on the balance sheet as subordinated loans.

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**SECTION FOUR (Continued)**

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

**IV. Explanations related to interest rate risk (continued)**

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

	<b>Euro</b>	<b>US Dollar</b>	<b>Yen</b>	<b>TL</b>
<b>Current Period</b>				
<b>Assets</b>				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased) and Balances with the Central Bank of Turkey	-	-	-	-
Banks	-	5,49	-	-
Financial Assets at Fair Value Through Profit and Loss	-	-	-	-
Money Market Placements	-	-	-	42,84
Financial Assets at Fair Value Through Other Comprehensive Income	4,57	6,60	-	33,36
Loans	8,51	9,94	-	42,54
Financial Assets Measured at Amortized Cost	5,84	8,14	-	35,62
<b>Liabilities</b>				
Bank Deposits	-	-	-	-
Other Deposits	-	-	-	-
Money Market Borrowings	0,31	2,85	-	37,00
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	6,93	-	-
Borrower Funds	0,25	0,50	-	37,00
Funds Provided From Other Financial Institutions (1)	4,75	6,85	-	43,00

(1) Includes additional subordinated loans classified under subordinated loans in the balance sheet.

	<b>Euro</b>	<b>US Dollar</b>	<b>Yen</b>	<b>TL</b>
<b>Prior Period</b>				
<b>Assets</b>				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased) and Balances with the Central Bank of Turkey	-	-	-	-
Banks	-	4,03	-	9,60
Financial Assets at Fair Value Through Profit and Loss	-	-	-	-
Money Market Placements	-	-	-	15,51
Financial Assets at Fair Value Through Other Comprehensive Income	4,57	5,20	-	19,63
Loans	6,59	8,31	-	18,19
Financial Assets Measured at Amortized Cost	5,84	8,13	-	31,93
<b>Liabilities</b>				
Bank Deposits	-	-	-	-
Other Deposits	-	-	-	-
Money Market Borrowings	1,50	2,87	-	7,50
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	5,80	-	-
Borrower Funds	1,50	2,50	-	7,50
Funds Provided From Other Financial Institutions (1)	2,46	5,24	-	-

(1) Includes Tier 2 subordinated bonds which are classified on the balance sheet as subordinated loans.

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**SECTION FOUR (Continued)**

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

**V. Explanations related to stock position risk**

Accounting practices regarding investments in associates and subsidiaries are included in Section 3, Note XXII.I.

**Equity shares risk due from banking book**

The table below is the comparison table of the Bank's share certificate instruments' book value and market value.

<b>Current Period</b>	<b>Comparison</b>		
<b>Share Certificate Investments</b>	<b>Book Value</b>	<b>Fair Value</b>	<b>Market Value</b>
<b>Investment in Shares-Grade A</b>	<b>2.240.893</b>	-	<b>3.158.790</b>
Quoted	2.240.893	-	3.158.790
<b>Investment in Shares-Grade B</b>	<b>2.968.335</b>	-	<b>3.164.996</b>
Quoted	2.968.335	-	3.164.996

<b>Prior Period</b>	<b>Comparison</b>		
<b>Share Certificate Investments</b>	<b>Book Value</b>	<b>Fair Value</b>	<b>Market Value</b>
<b>Investment in Shares-Grade A</b>	<b>1.228.706</b>	-	<b>1.917.257</b>
Quoted	1.228.706	-	1.917.257
<b>Investment in Shares-Grade B</b>	<b>1.605.723</b>	-	<b>2.695.172</b>
Quoted	1.605.723	-	2.695.172

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**SECTION FOUR (Continued)**

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

**V. Explanations related to stock position risk (continued)**

On the basis of the following table, private equity investments in sufficiently diversified portfolios, type and amount of other risks, cumulative realized gains and losses arising from selling and liquidation in the current period, total unrealized gains and losses, total revaluation increases of trading positions on stock market and their amount that included to core capital and supplementary capital are shown.

**Equity shares risk due from banking book (continued)**

Current Period	Realized	Revaluation Value Increases		Unrealized Gains and Losses		
Portfolio	Revenues and Losses in the Period	Total	Included in Core Capital (1)	Total	Included in Core Capital	Included in Supplementary Capital
Private Equity Investments	-	-	-	-	-	-
Share Certificates Quoted on a Stock Exchange	-	1.982.283	1.982.283	-	-	-
Other Share Certificates	-	842.132	842.132	-	-	-
<b>Total</b>	-	<b>2.824.415</b>	<b>2.824.415</b>	-	-	-

Prior Period	Realized	Revaluation Value Increases		Unrealized Gains and Losses		
Portfolio	Revenues and Losses in the Period	Total	Included in Core Capital (1)	Total	Included in Core Capital	Included in Supplementary Capital
Private Equity Investments	-	-	-	-	-	-
Share Certificates Quoted on a Stock Exchange	-	943.303	943.303	-	-	-
Other Share Certificates	-	424.969	424.969	-	-	-
<b>Total</b>	-	<b>1.368.272</b>	<b>1.368.272</b>	-	-	-

(1) It refers to the amounts reflected to equity for investments in associates and subsidiaries valued according to the equity method.

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**SECTION FOUR (Continued)**

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

**VI. Explanations related to the liquidity risk management and liquidity coverage ratio**

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

**1.a Information about the governance of unconsolidated liquidity risk management, including: risk tolerance, structure and responsibilities for unconsolidated liquidity risk management, internal unconsolidated liquidity reporting and communication of unconsolidated liquidity risk strategy, policies and practices across business lines and with the board of directors**

Liquidity risk management is conducted by Treasury Department in line with the strategies set by Asset and Liability Committee within the limits and policies approved by Board of Directors, and is monitored and controlled through reportings from Risk Management, Budget Planning and Financial Control Departments to Audit Committee, Board of Directors, Senior Management and relevant departments.

The Bank's liquidity risk capacity is determined by the Bank's internal limits and the regulations on liquidity coverage ratio and liquidity adequacy. Regarding its risk appetite, in addition to legal limits, the Bank also applies internal limits for monitoring and controlling the liquidity risk.

Considering the Bank's strategies and competitive conditions, Asset and Liability Committee has the responsibility of taking the relevant decisions regarding optimal balance sheet management of the Bank, and monitoring the implementations. Treasury Department performs cash position management within the framework of the decisions taken at Asset and Liability Committee meetings.

The Risk Management Department reports to the Board of Directors and the Asset and Liability Committee regarding liquidity risk within the scope of internal limits and legal regulations. Additionally, liquidity stress tests are performed based on various scenarios and reported with their impact on legal limit utilization. Treasury Control Unit under the Budget Planning Department also makes cash flow projection reportings to the Treasury Department and the Asset Liability Committee at certain periods and when needed.

**1.b Information on the centralization degree of unconsolidated liquidity management and funding strategy and the functioning between the Bank and the Bank's subsidiaries**

Within the scope of consolidation, liquidity management is not centralized and each subsidiary is responsible for its own liquidity management. However, the Bank monitors the liquidity risk of each subsidiary within the defined limits.

**1.c Information on the Bank's funding strategy including the policies on funding types and variety of maturities**

Among the main funding sources of the Bank, there are development bank credits, capital market transactions, syndicated loans, bilateral contractual resources, repo transactions and money market transactions and these sources are diversified to minimize the liquidity risk within the terms of market conditions. The funding planning based on those loans is performed long term such as a minimum of one year and the performance is monitored by the Asset and Liability Committee.

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**SECTION FOUR (Continued)**

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

**VI. Explanations related to the liquidity risk management and liquidity coverage ratio (continued)**

**1. Explanations related to the liquidity risk (continued)**

**1.ç Information on liquidity management on the basis of currencies constituting a minimum of five percent of the Bank's total liabilities:**

The Bank's obligations consist of Turkish Lira (TRY), US Dollar (USD) and Euro (EUR) currency types. Turkish Lira obligations mainly consist of equity and repurchase agreements, whereas foreign currency obligations consist of foreign currency credits, securities issued and repurchase agreements. All loans provided from foreign sources are in foreign currencies. For this reason, foreign resources can be used in TL funding by currency swap transactions when necessary.

**1.d Information on unconsolidated liquidity risk mitigation techniques**

Unconsolidated Liquidity limits are defined for the purpose of monitoring and keeping the risk under certain levels. The Bank monitors those limits' utilization and informs the Board of Directors, the Bank Senior Management and the relevant departments regularly. Regarding those limits, the Treasury Department performs the required transactions with the relevant cost and term composition in accordance with market conditions from the sources previously defined in Article c. The Bank minimizes the liquidity risk by holding high quality liquid assets and diversification of funds.

**1.e Information on the use of stress tests**

Within the scope of liquidity stress tests, the deteriorations that may occur in the cash flow structure of the Bank are assessed by the Bank's scenarios. The results are analyzed by taking into account the risk appetite and capacity of the Bank and reported to the senior management by the Risk Management Department ensuring the necessary actions are taken.

**1.f General information on urgent and unexpected unconsolidated liquidity situation plans**

There is a Contingency Funding Plan for the contingent periods that arises beyond the Bank's control. In a potential liquidity shortfall, Treasury Department is responsible from assessment, taking relevant actions and informing Asset and Liability Committee. In contingent cases, to identify the liquidity risk arising, cash flow projections and funding requirement estimations are exercised based on various scenarios. To assess the stress scenarios, cash flow in terms of local currency is monitored regularly by Treasury Department. Scenario analysis on the Bank's unencumbered sources are conducted daily. Transaction limits for organized markets are monitored timely and essential collateral amount to trade in those markets is withheld at hand. Repo transactions and/or available for sale portfolio securities in local and foreign currency that are major funding sources in shortfall periods for the Bank are monitored consistently. In contingent periods outflows due to the irrevocable commitments, contingencies and derivative transactions can be deferred temporarily in a way that won't hurt the Bank's reputation. TSKB has the optionality of choosing one or more of the following for meeting it's liquidity requirement that are selling liquid assets off, increasing short term borrowing, decreasing illiquid assets, increasing capital.



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**SECTION FOUR (Continued)**

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

**VI. Explanations related to the liquidity risk management and liquidity coverage ratio (continued)**

**2. Liquidity Coverage Ratio**

According to regulations which is published on 28948 numbered gazette on 21 March 2014 related to calculation of liquidity coverage ratio of banks, calculated liquidity coverage ratios are shown below. Including the reporting period for the last three months unconsolidated foreign currency and total liquidity coverage ratios and the lowest and highest values during the period are shown below:

	Current Period		Prior Period	
	TL+FC	FC	TL+FC	FC
<b>Lowest</b>	738,18	589,83	208,11	237,13
<b>Related Week</b>	06/10/2023	22/12/2023	23/12/2022	23/12/2022
<b>Highest</b>	914,24	831,56	564,23	387,99
<b>Related Week</b>	24/11/2023	10/11/2023	09/12/2022	09/12/2022

	Rate of "Percentage to be taken into account" not Implemented Total value		Rate of "Percentage to be taken into account" Implemented Total value	
	TL+FC	FC	TL+FC	FC
<b>Current Period</b>				
<b>HIGH QUALITY LIQUID ASSETS (HQLA)</b>				
1 High quality liquid assets	-	-	16.966.338	11.220.341
<b>CASH OUTFLOWS</b>				
2 Retail and Customers Deposits	-	-	-	-
3 Stable deposits	-	-	-	-
4 Less stable deposits	-	-	-	-
5 Unsecured Funding other than Retail and Small Business, Customers Deposits	6.221.294	4.896.260	4.981.502	3.737.188
6 Operational deposits	843.312	759.154	210.828	189.789
7 Non-Operational Deposits	-	-	-	-
8 Other Unsecured Funding	5.377.982	4.137.106	4.770.674	3.547.399
9 Secured funding	-	-	-	-
10 Other Cash Outflows	592.025	966.020	592.025	966.020
11 Liquidity needs related to derivatives and market valuation changes on derivatives transactions	359.690	733.685	359.690	733.685
12 Debts related to the structured financial products	-	-	-	-
13 Commitment related to debts to financial markets and other off balance sheet liabilities	232.335	232.335	232.335	232.335
14 Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	-	-	-	-
15 Other irrevocable or conditionally revocable commitments	22.252.220	17.610.731	2.608.548	1.744.866
16 <b>TOTAL CASH OUTFLOWS</b>	-	-	<b>8.182.075</b>	<b>6.448.074</b>
<b>CASH INFLOWS</b>				
17 Secured Lending Transactions	-	-	-	-
18 Unsecured Lending Transactions	19.230.701	7.612.111	16.060.356	4.684.930
19 Other contractual cash inflows	771.997	6.928.277	771.997	6.928.277
20 <b>TOTAL CASH INFLOWS</b>	<b>20.002.698</b>	<b>14.540.388</b>	<b>16.832.353</b>	<b>11.613.207</b>
<b>Upper Limit Applied Amounts</b>				
21 <b>TOTAL HQLA STOCK</b>	-	-	<b>16.966.338</b>	<b>11.220.341</b>
22 <b>TOTAL NET CASH OUTFLOWS</b>	-	-	<b>2.045.519</b>	<b>1.612.019</b>
23 <b>LIQUIDITY COVERAGE RATIO (%)</b>			<b>829</b>	<b>696</b>

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

**VI. Explanations related to the liquidity risk management and liquidity coverage ratio (continued)**

**2. Liquidity Coverage Ratio (continued)**

Prior Period	Rate of “Percentage to be taken into account” not Implemented Total value		Rate of “Percentage to be taken into account” Implemented Total value	
	TL+FC	FC	TL+FC	FC
<b>HIGH QUALITY LIQUID ASSETS (HQLA)</b>				
1 High quality liquid assets	-	-	13.726.420	8.164.963
<b>CASH OUTFLOWS</b>				
2 Retail and Customers Deposits	-	-	-	-
3 Stable deposits	-	-	-	-
4 Less stable deposits	-	-	-	-
5 Unsecured Funding other than Retail and Small Business Customers Deposits	6.198.064	5.645.198	5.061.428	4.531.762
6 Operational deposits	638.515	611.547	159.629	152.887
7 Non-Operational Deposits	-	-	-	-
8 Other Unsecured Funding	5.559.549	5.033.651	4.901.799	4.378.875
9 Secured funding	-	-	-	-
10 Other Cash Outflows	613.649	927.130	613.649	927.130
11 Liquidity needs related to derivatives and market valuation changes on derivatives transactions	361.188	674.669	361.188	674.669
12 Debts related to the structured financial products	-	-	-	-
13 Commitment related to debts to financial markets and other off balance sheet liabilities	252.461	252.461	252.461	252.461
14 Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	64.623.585	59.821.446	3.231.179	2.991.072
15 Other irrevocable or conditionally revocable commitments	20.078.183	17.247.580	2.223.224	1.693.540
16 <b>TOTAL CASH OUTFLOWS</b>	-	-	<b>11.129.480</b>	<b>10.143.504</b>
<b>CASH INFLOWS</b>				
17 Secured Lending Transactions	330	-	-	-
18 Unsecured Lending Transactions	8.641.162	4.750.567	6.806.034	3.205.258
19 Other contractual cash inflows	216.487	8.861.569	216.487	8.861.569
20 <b>TOTAL CASH INFLOWS</b>	<b>8.857.979</b>	<b>13.612.136</b>	<b>7.022.521</b>	<b>12.066.827</b>
			Upper Limit Applied Amounts	
21 <b>TOTAL HQLA STOCK</b>	-	-	<b>13.726.420</b>	<b>8.164.963</b>
22 <b>TOTAL NET CASH OUTFLOWS</b>	-	-	<b>4.106.959</b>	<b>2.535.876</b>
23 <b>LIQUIDITY COVERAGE RATIO (%)</b>	-	-	<b>334</b>	<b>322</b>

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**SECTION FOUR (Continued)**

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

**VI. Explanations related to the liquidity risk management and liquidity coverage ratio (continued)**

**3. Minimum explanations related to the liquidity coverage ratio by Banks:**

As per The Regulation on The Calculation of Liquidity Coverage Ratio, Liquidity Coverage Ratio is the ratio of high quality liquid assets to net cash outflows. Total and foreign currency limits 100% and 80% are assigned on consolidated and unconsolidated basis respectively. For the development and investment banks, Banking Regulations and Supervision Agency decided to apply zero percent to the total and foreign currency consolidated and unconsolidated liquidity coverage ratios unless stated otherwise.

In the Liquidity Coverage Ratio calculation, the items with the highest impact are high quality liquid assets, foreign funds and money market transactions. High quality liquid assets mainly consist of the required reserves held in the Central Bank of the Republic of Turkey and unencumbered securities issued by the Treasury.

Main funding source of the Bank is long term loans attained from international financial institutions. The ratio of those loans in total funding is around 68%. The total ratio of the securities issued in purpose of funding diversification and loans attained through subordinated loans and syndication loans in overall borrowing is 30%. 2% of the Bank's total funding is provided from the repo money markets.

30-day cash flows arising from derivative transactions are included in the calculation in accordance with the Regulation. The Bank also takes into consideration the liabilities depending on the possibility of changing the fair values of the derivative transactions in accordance with the Regulation.

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

**VI. Explanations related to the liquidity risk management and liquidity coverage ratio (continued)**

*Presentation of assets and liabilities according to their remaining maturities:*

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed (1)	Total (2)
<b>Current Period</b>								
<b>Assets</b>								
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased) and Balances with the Central Bank of Turkey	-	2.942.824	-	-	-	-	-	2.942.824
Banks	398.682	4.367.139	-	-	-	-	-	4.765.821
Financial Assets at Fair Value Through Profit and Loss (3)	-	1.327.207	123.948	483.542	-	-	279.883	2.214.580
Money Market Placements	-	7.098.477	135.030	183.901	-	-	-	7.417.408
Financial Assets at Fair Value Through Other Comprehensive Income	-	-	38.106	1.543.461	5.524.383	1.839.237	867.355	9.812.542
Loans	-	4.762.280	12.522.271	27.791.589	62.350.104	19.638.497	-	127.064.741
Financial Assets Measured at Amortized Cost	-	11.225	-	2.908.181	9.141.058	6.833.648	-	18.894.112
Other Assets (2)	-	-	-	-	-	-	3.772.009	3.772.009
<b>Total Assets</b>	<b>398.682</b>	<b>20.509.152</b>	<b>12.819.355</b>	<b>32.910.674</b>	<b>77.015.545</b>	<b>28.311.382</b>	<b>4.919.247</b>	<b>176.884.037</b>
<b>Liabilities</b>								
Bank Deposits	-	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-	-
Funds Provided from Other Financial Institutions (4)	-	757.519	4.104.137	19.990.363	44.217.391	43.824.790	-	112.894.200
Money Market Borrowings	-	1.871.051	610.008	-	-	-	-	2.481.059
Marketable Securities Issued	-	638.319	428.578	415.376	30.744.818	-	-	32.227.091
Miscellaneous Payables	-	-	-	-	-	-	1.762.361	1.762.361
Other Liabilities	-	678.499	265.017	278.889	108.008	-	26.188.913	27.519.326
<b>Total Liabilities</b>	<b>-</b>	<b>3.945.388</b>	<b>5.407.740</b>	<b>20.684.628</b>	<b>75.070.217</b>	<b>43.824.790</b>	<b>27.951.274</b>	<b>176.884.037</b>
<b>Liquidity Gap</b>	<b>398.682</b>	<b>16.563.764</b>	<b>7.411.615</b>	<b>12.226.046</b>	<b>1.945.328</b>	<b>(15.513.408)</b>	<b>(23.032.027)</b>	<b>-</b>
<b>Net Off-balance sheet Position</b>	<b>-</b>	<b>(22.337)</b>	<b>(348.496)</b>	<b>(257.864)</b>	<b>386.317</b>	<b>(4.475)</b>	<b>-</b>	<b>(246.855)</b>
Financial Derivative Assets	-	7.390.823	8.245.327	6.841.241	40.331.116	5.960.470	-	68.768.977
Financial Derivative Liabilities	-	7.413.160	8.593.823	7.099.105	39.944.799	5.964.945	-	69.015.832
Non-cash Loans	-	1.601.176	867.555	2.570.079	2.909.879	3.560.593	713.563	12.222.845
<b>Prior Period</b>								
Total Assets	897.148	14.429.357	8.725.368	19.495.697	48.513.429	21.290.377	2.223.996	115.575.372
Total Liabilities	-	9.723.283	3.878.838	9.822.014	47.547.829	27.296.454	17.306.954	115.575.372
<b>Liquidity Gap</b>	<b>897.148</b>	<b>4.706.074</b>	<b>4.846.530</b>	<b>9.673.683</b>	<b>965.600</b>	<b>(6.006.077)</b>	<b>(15.082.958)</b>	<b>-</b>
<b>Net Off-balance sheet Position</b>	<b>-</b>	<b>550.567</b>	<b>23.327</b>	<b>62.989</b>	<b>516.622</b>	<b>(9.559)</b>	<b>-</b>	<b>1.143.946</b>
Financial Derivative Assets	-	18.625.537	2.301.232	5.583.244	20.603.676	5.130.341	-	52.244.030
Financial Derivative Liabilities	-	18.074.970	2.277.905	5.520.255	20.087.054	5.139.900	-	51.100.084
Non-cash Loans	-	460.039	565.371	3.245.059	597.699	2.002.385	435.058	7.305.611

(1) Other assets and shareholders' equity, provisions and tax liability, which are necessary and cannot be converted into cash in the near future for the Bank's ongoing activities, such as tangible and intangible assets, deferred tax asset, other miscellaneous receivables, investments in subsidiaries and associates, entities under common control, office supply inventory, prepaid expenses and non-performing loans are classified under "Undistributed" column.

(2) Expected credit losses for stage 1 and stage 2 are shown on the other assets, undistributed.

(3) Includes derivative financial assets and Financial Assets at Fair Value Through Profit and Losses.

(4) It also includes additional principal subordinated loans classified under subordinated loans on the balance sheet.

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**SECTION FOUR (Continued)**

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

**VI. Explanations related to the liquidity risk management and liquidity coverage ratio (continued)**

*Analysis of financial liabilities by remaining contractual maturities*

In compliance with the Turkish Financial Reporting Standard No.7, the following table indicates the maturities of the Group's major financial liabilities which are not qualified as derivatives. The following tables have been prepared by referencing the earliest dates of undiscounted cashflow of financial liabilities.

<b>Current Period</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>Over 5 Years</b>	<b>Adjustments</b>	<b>Total</b>
<b>Liabilities</b>							
Funds Provided from Other Financial Institutions	767.978	4.696.492	24.498.756	60.879.148	59.978.085	(37.926.259)	112.894.200
Money Market Borrowings	1.872.180	620.349	-	-	-	(11.470)	2.481.059
Marketable Securities Issued	654.077	434.177	1.548.503	35.383.468	-	(5.793.134)	32.227.091
Funds	1.482.480	-	-	-	-	-	1.482.480
Leasing Liabilities	8.115	8.089	32.357	150.150	-	(71.415)	127.296
<b>Total</b>	<b>4.784.830</b>	<b>5.759.107</b>	<b>26.079.616</b>	<b>96.412.766</b>	<b>59.978.085</b>	<b>(43.802.278)</b>	<b>149.212.126</b>

<b>Prior Period</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>Over 5 Years</b>	<b>Adjustments</b>	<b>Total</b>
<b>Liabilities</b>							
Funds Provided from Other Financial Institutions	529.582	3.946.557	11.686.983	41.924.776	34.456.950	(17.901.636)	74.643.212
Money Market Borrowings	1.443.623	280	-	-	-	(1.037)	1.442.866
Marketable Securities Issued	7.105.939	-	414.576	15.581.199	-	(2.053.962)	21.047.752
Funds	737.733	-	-	-	-	-	737.733
Leasing Liabilities	2.237	210	947	1.894	-	(3.043)	2.245
<b>Total</b>	<b>9.819.114</b>	<b>3.947.047</b>	<b>12.102.506</b>	<b>57.507.869</b>	<b>34.456.950</b>	<b>(19.959.678)</b>	<b>97.873.808</b>

Analysis of contractual expiry by maturity of the Bank's derivative financial instruments:

<b>Current Period</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>Over 5 Years</b>	<b>Total</b>
Swap Contracts	14.500.985	16.399.747	13.574.103	80.275.915	11.925.415	136.676.165
Forward Contracts	303.001	439.402	366.241	-	-	1.108.644
Futures Transactions	-	-	-	-	-	-
Options	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>Total</b>	<b>14.803.986</b>	<b>16.839.149</b>	<b>13.940.344</b>	<b>80.275.915</b>	<b>11.925.415</b>	<b>137.784.809</b>

<b>Prior Period</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>Over 5 Years</b>	<b>Total</b>
Swap Contracts	36.568.269	3.827.239	10.663.600	40.450.181	10.270.241	101.779.530
Forward Contracts	132.238	751.898	439.899	240.549	-	1.564.584
Futures Transactions	-	-	-	-	-	-
Options	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>Total</b>	<b>36.700.507</b>	<b>4.579.137</b>	<b>11.103.499</b>	<b>40.690.730</b>	<b>10.270.241</b>	<b>103.344.114</b>

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**SECTION FOUR (Continued)**

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

**VII. Explanations related to leverage ratio**

**a) Information on subjects that causes difference in leverage ratio between current and prior period**

The table related to calculation of leverage ratio in accordance with the principles of the “Regulation on Measurement and Evaluation of Banks’ Leverage Level” which is published on the Official Gazette no.28812 dated 5 November 2013 is given below.

As of the Bank’s balance sheet date, the leverage ratio, calculated on the basis of the arithmetic average of the values found at the end of the month in the past three months, was 13,37% (December 31, 2022: 12,21%). The amount of assets on the balance sheet increased by 55,91% compared to the previous period.

**b) Leverage Ratio**

		<b>Current Period (1)</b>	<b>Prior Period (1)</b>
	<b>Balance sheet Assets</b>		
<b>1</b>	Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals)	173.192.742	111.087.792
<b>2</b>	(Assets deducted from Core Capital)	(1.159.456)	(356.929)
<b>3</b>	<b>Total risk amount of balance sheet assets (sum of lines 1 and 2)</b>	<b>172.033.286</b>	<b>110.730.863</b>
	<b>Derivative financial assets and credit derivatives</b>		
<b>4</b>	Cost of replenishment for derivative financial assets and credit derivatives	777.323	782.152
<b>5</b>	Potential credit risk amount of derivative financial assets and credit derivatives	473.902	303.022
<b>6</b>	<b>Total risk amount of derivative financial assets and credit derivatives (sum of lines 4 and 5)</b>	<b>1.251.225</b>	<b>1.085.174</b>
	<b>Financing transactions secured by marketable security or commodity</b>		
<b>7</b>	Risk amount of financing transactions secured by marketable security or commodity	866.749	1.611.782
<b>8</b>	Risk amount arising from intermediary transactions	-	-
<b>9</b>	<b>Total risk amount of financing transactions secured by marketable security or commodity (sum of lines 7 and 8)</b>	<b>866.749</b>	<b>1.611.782</b>
	<b>Off-balance sheet transactions</b>		
<b>10</b>	Gross notional amount of off-balance sheet transactions	22.619.761	20.297.598
<b>11</b>	(Correction amount due to multiplication with credit conversion rates)	(6.468.900)	(9.087.387)
<b>12</b>	<b>Total risk of off-balance sheet transactions (sum of lines 10 and 11)</b>	<b>16.150.861</b>	<b>11.210.211</b>
	<b>Capital and total risk</b>		
<b>13</b>	Core Capital	25.449.649	15.216.183
<b>14</b>	Total risk amount (sum of lines 3, 6, 9 and 12)	190.302.121	124.638.030
	<b>Leverage ratio</b>		
<b>15</b>	<b>Leverage ratio</b>	<b>%13,37</b>	<b>%12,21</b>

(1) The arithmetic average of the last three months in the related periods in accordance with BRSA Regulations

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**SECTION FOUR (Continued)**

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

**VIII. Explanations related to presentation of financial assets and liabilities at fair value**

The table below shows the carrying and fair values of the financial assets and liabilities in the financial statements of the Bank.

	<b>Book Value</b>	<b>Fair Value</b>
	<b>Current Period</b>	<b>Current Period</b>
<b>Financial Assets</b>	<b>171.027.349</b>	<b>161.031.366</b>
Money Market Placements	7.417.408	7.417.408
Banks	4.765.821	4.765.821
Financial Assets at Fair Value Through Other Comprehensive Income	9.812.542	9.812.542
Financial asset measured at amortized cost	18.894.112	19.624.447
Loans (1)	130.137.466	126.599.478
<b>Financial Liabilities</b>	<b>151.249.593</b>	<b>150.741.384</b>
Bank Deposits	-	-
Other Deposits	-	-
Funds Provided From Other Financial Institutions (2)	116.857.739	116.857.739
Marketable Securities Issued	32.227.091	31.718.882
Miscellaneous Payables	2.164.763	2.164.763

(1) Loans include financial lease receivables.

(2) Funds provided from other financial institutions include loans received, additional subordinated loans classified under subordinated loans, detached funds and debts to money markets.

	<b>Book Value</b>	<b>Fair Value</b>
	<b>Prior Period</b>	<b>Prior Period</b>
<b>Financial Assets</b>	<b>111.243.997</b>	<b>110.163.317</b>
Money Market Placements	5.718.471	5.718.471
Banks	1.371.762	1.371.762
Available-For-Sale Financial Assets	11.053.772	11.053.772
Held-To-Maturity Investments	12.825.981	14.672.465
Loans (1)	80.274.011	77.346.847
<b>Financial Liabilities</b>	<b>100.064.037</b>	<b>99.324.359</b>
Bank Deposits	-	-
Other Deposits	-	-
Funds Provided From Other Financial Institutions (2)	76.823.811	76.823.811
Marketable Securities Issued	21.047.752	20.308.074
Miscellaneous Payables	2.192.474	2.192.474

(1) Financial lease receivables are also included in the loans granted.

(2) Funds obtained from other financial institutions include loans received, additional subordinated loans classified under subordinated loans, detached funds and debts to money markets.

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**SECTION FOUR (Continued)**

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

**VIII. Explanations related to presentation of financial assets and liabilities at fair value (continued)**

The methodologies and assumptions used to determine fair values for those financial instruments which are not already recorded at fair value in the financial statements:

- i-** For the fair value calculation of loans, the prevailing interest rates as of the reporting date were used.
- ii-** For the fair value calculation of the balances with banks, the prevailing interest rates as of the reporting date were used.
- iii-** For the fair value calculation of held-to-maturity investments, quoted prices as of the reporting date were used.
- iv-** For the fair value calculation of marketable securities issued, market prices as of the reporting date were used.

The following table shows an analysis of financial instruments recorded at fair value, between those whose fair value is recorded on quoted market prices, those involving valuation techniques where all model inputs are observable in the market and, those where the valuation techniques involves the use of non observable inputs.

The table below analyses financial instruments carried at fair value, by valuation method.

- a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- b) Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2);
- c) Inputs for the asset or liability that are not based on observable market data (Level 3).

Current Period	Level I	Level II	Level III
<b>Financial Assets</b>			
Financial Assets at Fair Value Through Profit or Loss	279.883	-	-
Financial Assets at Fair Value Through Other Comprehensive Income (1)	3.760.252	6.029.158	3.191
Loans at Fair Value Through Profit or Loss	-	-	-
Derivative Financial Assets Held-for-trading (2)	-	1.624.058	-
Derivative Financial Assets for Hedging Purposes (2)	-	310.639	-
<b>Financial Liabilities</b>			
Derivative Financial Liabilities Held-for-trading (3)	-	978.182	-
Derivative Financial Liabilities for Hedging Purposes (3)	-	169.976	-

- (1) Securities amounting to TL 17.931 under Financial Assets at Fair Value Through Other Comprehensive Income are reflected in the financial statements at their acquisition cost since they are not traded in an active market and this securities are not shown in this table.
- (2) Positive differences from Derivative Financial Assets Held-for-trading and Derivative Financial Assets for Hedging Purposes are classified in "1.4.1 Derivative Financial Assets at Fair Value Through Profit or Loss" line in the balance sheet.
- (3) Negative differences from Derivative Financial Liabilities Held-for-trading and Derivative Financial Liabilities for Hedging Purposes are classified in "7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss" line in the balance sheet.



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**SECTION FOUR (Continued)**

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

**VIII. Explanations related to presentation of financial assets and liabilities at fair value (Continued)**

Prior Period	Level I	Level II	Level III
<b>Financial Assets</b>			
Financial Assets at Fair Value Through Profit or Loss	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income (1)	3.404.997	7.627.652	3.191
Loans at Fair Value Through Profit or Loss	-	-	-
Derivative Financial Assets Held-for-trading (2)	-	2.007.670	-
Derivative Financial Assets for Hedging Purposes (2)	-	387.926	-
<b>Financial Liabilities</b>			
Derivative Financial Liabilities Held-for-trading (3)	-	998.333	-
Derivative Financial Liabilities for Hedging Purposes (3)	-	134.010	-

(1) The securities of TL 17.931 under the item of financial assets whose fair value difference is reflected in other comprehensive income are reflected in the financial statements at the cost of acquisition due to the fact that they are not traded in an active market, and these securities are not shown in this table.

(2) The positive differences between Derivative Financial Assets for Trading and Derivative Differences for Hedging are shown in the financial statement under the line "1.4.1 Fair Value Difference Profit and Loss Portion of Derivative Financial Assets".

(3) The negative differences between Derivative Financial Liabilities for Trading and Derivative Financial Liabilities for Hedging are shown in the financial statement in the line "7.1 Fair Value Difference Profit Reflected in Loss" in the financial statement.

The statement of movement of financial assets at level 3 is given below.

	Current Period	Prior Period
<b>Dönem Başı Bakiye</b>	<b>3.191</b>	<b>266.288</b>
Alışlar	-	-
İtfa veya Satış	-	(263.097)
Değerleme Farkı	-	-
Transferler	-	-
<b>Dönem Sonu Bakiye</b>	<b>3.191</b>	<b>3.191</b>

The real estate recorded by the Bank under tangible assets at fair value is classified at level 2.

Prior Period the balance tracked as the other financial asset whose fair value difference at level 3 is reflected in profit and loss includes the loan extended to the special purpose company, the details of which are included in Chapter Five I-2.d footnote. The fair value of the loan in question has been determined as a result of various valuation methods.

**IX. Transactions made on behalf and account of others, explanations of faith-based transactions**

The Bank provides management and consultancy services in financial matters such as buying, selling, storing, financial matters on behalf and on behalf of others. There is no faith-based transaction by the bank.

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**SECTION FOUR (Continued)**

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

**X. Explanations related to risk management**

**Linkages between financial statements and risk amounts**

The footnotes prepared in accordance with the "Regulation on Calculation Risk Management Disclosures", which was published in the Official Gazette No. 29511 of 23 October 2015 and entered into force as of March 31, 2016, and the disclosures pertaining thereto are provided in this section.

As the standard approach is utilized for the calculation of the capital adequacy of the Bank, no statement has been included as regards the methods based on internal models as per the relevant communiqué.

**Disclosures on the risk management approach and risk-weighted amount**

Risk management approach of the Bank allows for ensuring the establishment of a common risk culture covering the entire institution within the scope of the policies and codes of practice designated by the Board of Directors, for identifying risks in harmony with international arrangements and for performing the activities of measurement, analysis, monitoring and reporting accordingly.

Risk Management Department has been established within the Bank in order to ensure compliance with the relevant policy, application principles and processes and to manage the risks faced by the Bank in line with these policies. The Risk Management Department, whose duties and responsibilities have been determined by regulations approved by the Board of Directors, carries out its activities independently from executive activities and executive units and under the Audit Committee. However, the Risk Committee has been established and meets regularly to assess the risks to which the Bank is exposed, to establish risk management policies and submit them for approval by the Board of Directors, to determine risk management practices and risk limits and submit them for approval by the Board of Directors, to monitor, to ensure coordination between the Bank's executive units and internal systems.

Risk Management Department develops the systems required within the process of risk management and carries out the relevant activities, monitors the compliance of risks with policies, standards, limits of the Bank and its risk appetite indicators and performs activities aimed at harmonization with the relevant legislation and the Basel criteria. Risk measurements are performed through the standard approaches for legal reporting and the advanced approaches are utilized internally. It is also supported by stress tests applied.

Risk Management Department submits its detailed risk management reports prepared on monthly and quarterly basis to the Board of Directors via the Audit Committee. These reports cover measurements regarding main risks, stress tests and scenario analyses and the status of compliance with the identified limit levels and risk appetite indicators.

Prospective risk assessments are carried out by conducting periodical stress tests on loan, market, interest and liquidity risks and the impact of results on the overall financial power of the Bank is evaluated. The relevant results are notified to the Audit Committee and contribute to the assessment of the financial structure of the Bank at the moment of stress. Stress test scenarios are determined by evaluating the impacts posed by previous economic crises on macroeconomic indicators and expectations from the upcoming period. By estimating the risks and capital position of the Bank within the upcoming period, various analyses are performed in terms of legal and internal capital adequacy ratios, and the ICAAP (Internal Capital Adequacy Assessment Process) report is submitted to the BRSA.

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**SECTION FOUR (Continued)**

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

**X. Explanations related to risk management (continued)**

**Overview of risk weighted assets**

		Risk Weighted Amount		Minimum Capital Requirement
		Current Period	Prior Period	Current Period
1	Credit risk (excluding counterparty credit risk)	89.765.601	64.297.768	7.181.248
2	Standardised approach	89.765.601	64.297.768	7.181.248
3	Internal rating-based approach		-	
4	Counterparty credit risk	1.169.624	1.801.888	93.570
5	Standardised approach for counterparty credit risk	1.169.624	1.801.888	93.570
6	Internal model method		-	
7	Basic risk weight approach to internal models equity position in the banking account		-	
8	Investments made in collective investment companies look-through approach		-	
9	Investments made in collective investment companies mandate-based approach		-	
10	Investments made in collective investment companies 1250% weighted risk approach		-	
11	Settlement risk		-	
12	Securitization positions in banking accounts		-	
13	IRB ratings-based approach		-	
14	IRB supervisory formula approach		-	
15	Simplified supervisory formula approach		-	
16	Market risk	1.741.625	3.302.888	139.330
17	Standardised approach	1.741.625	3.302.888	139.330
18	Internal model approaches		-	
19	Operational risk	8.285.932	4.426.644	662.875
20	Basic indicator approach	8.285.932	4.426.644	662.875
21	Standard approach		-	
22	Advanced measurement approach		-	
23	The amount of the discount threshold under the equity (subject to a 250% risk weight)	5.376.331	3.235.933	430.106
24	Floor adjustment		-	
25	<b>Total (1+4+7+8+9+10+11+12+16+19+23+24)</b>	<b>106.339.113</b>	<b>77.065.121</b>	<b>8.507.129</b>

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

**X. Explanations related to risk management (continued)**

**Linkages between financial statements and risk amounts (continued)**

**Differences and linkage between asset and liabilities' carrying values in financial statements and amounts in capital adequacy calculation**

Current Period	Carrying values in financial statements prepared as per TAS	Carrying values of items in accordance with Turkish Accounting Standards				
Assets		Subject to credit risk	Subject to counterparty credit risk	Securitization Positions	Subject to market risk (1)	Not subject to capital requirements or subject to deduction from capital
Cash and balances at Central Bank	2.942.304	2.942.824	-	-	-	-
Banks	4.765.689	4.633.883	290.472	-	-	-
Money Market Placements	7.417.074	7.417.408	-	-	-	-
Financial Assets at Fair Value Through Profit or Loss	279.883	263.352	-	-	16.531	-
Financial Assets at Fair Value Through Other Comprehensive Income	9.812.542	9.812.542	919.660	-	-	-
Financial Assets Measured at Amortized Cost	18.880.650	18.894.112	2.618.244	-	-	-
Derivative Financial Assets	1.934.697	-	1.934.697	-	1.005.504	-
Loans	121.543.134	129.685.095	-	-	-	-
Leasing Receivables	379.739	452.370	-	-	-	-
Factoring Receivables	-	-	-	-	-	-
Assets Held for Sale and Discontinued Operations (net)	-	-	-	-	-	-
Associates (net)	2.825.834	2.825.834	-	-	-	765.827
Subsidiaries (net)	3.676.484	3.676.484	-	-	-	-
Joint-Ventures (net)	-	-	-	-	-	-
Tangible Assets (net)	450.137	446.852	-	-	-	3.285
Intangible Assets (net)	5.295	-	-	-	-	5.295
Investment Properties (net)	-	-	-	-	-	-
Tax Assets	-	-	-	-	-	-
Deferred Tax Assets	1.446.999	1.446.999	-	-	-	-
Other Assets	523.576	363.835	70.927	-	-	161.265
<b>Total Assets</b>	<b>176.884.037</b>	<b>182.861.590</b>	<b>5.834.000</b>	<b>-</b>	<b>1.022.035</b>	<b>935.672</b>

1) The amounts of the financial instruments included in the trading accounts within the scope of the Regulation on the Measurement and Evaluation of the Capital Adequacy of Banks in accordance with the IAS are included

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

**X. Explanations related to risk management (continued)**

**Linkages between financial statements and risk amounts (continued)**

**Differences and linkage between asset and liabilities' carrying values in financial statements and amounts in capital adequacy calculation**

Current Period	Carrying values in financial statements prepared as per TAS	Carrying values of items in accordance with Turkish Accounting Standards				
Liabilities		Subject to credit risk	Subject to counterparty credit risk	Securitization Positions	Subject to market risk (1)	Not subject to capital requirements or subject to deduction from capital
Deposits	-	-	-	-	-	-
Funds Borrowed	106.851.110	-	-	-	-	106.851.110
Money Market Funds	2.481.059	-	2.481.059	-	-	-
Securities Issued	32.227.091	-	-	-	-	32.227.091
Funds	1.482.480	-	-	-	-	1.482.480
Financial Liabilities at Fair Value Through Profit or Loss	-	-	-	-	-	-
Derivative Financial Liabilities	1.148.158	-	297.249	-	856.806	14.534
Factoring Payables	-	-	-	-	-	-
Lease Payables	127.296	-	-	-	-	127.296
Provisions	2.052.585	-	-	-	-	2.052.585
Current Tax Liability	894.735	-	-	-	-	894.735
Deferred tax Liability	-	-	-	-	-	-
Liabilities for Assets Held for Sale and Discontinued Operations (net)	-	-	-	-	-	-
Subordinated Debts	6.043.090	-	-	-	-	6.043.090
Other Liabilities	2.164.763	-	1.622.295	-	-	542.468
Shareholders' Equity	21.411.670	-	-	-	-	21.411.670
<b>Total Liabilities</b>	<b>176.884.037</b>	<b>-</b>	<b>4.400.603</b>	<b>-</b>	<b>856.806</b>	<b>171.647.059</b>

(1)The amount of the financial instruments included in the trading accounts in accordance with TAS within the scope of the "Regulation on Measurement and Assessment of Capital Adequacy of Banks" has been included.

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**X. Explanations related to risk management (continued)**

**Linkages between financial statements and risk amounts (continued)**

**Differences and linkage between asset and liabilities' carrying values in financial statements and amounts in capital adequacy calculation**

Prior Period	Carrying values in financial statements prepared as per TAS	Carrying values of items in accordance with Turkish Accounting Standards				
Assets		Subject to credit risk	Subject to counterparty credit risk	Securitization Positions	Subject to market risk (1)	Not subject to capital requirements or subject to deduction from capital
Cash and balances at central bank	2.797.567	2.797.940	-	-	-	-
Financial Assets Held for Trading	1.371.556	1.195.323	282.215	-	-	-
Financial Assets at Fair Value through Profit and Loss	5.717.918	5.718.471	-	-	-	-
Banks	-	-	-	-	-	-
Money Market Placements	11.053.772	11.131.940	3.451.370	-	-	-
Financial Assets Available-for-Sale (net)	12.813.774	12.825.981	2.176.743	-	-	-
Loans and Receivables	2.395.596	-	2.395.596	-	969.687	-
Factoring Receivables	74.504.529	79.893.780	-	-	-	-
Investment Held-to-Maturity (net)	283.079	380.231	-	-	-	-
Investment in Associates (net)	-	-	-	-	-	-
Investment in Subsidiaries (net)	-	-	-	-	-	-
Joint-Ventures (net)	1.493.750	1.493.750	-	-	-	248.658
Finance Lease Receivables	1.989.634	1.989.634	-	-	-	-
Derivative Financial Assets Held for Risk	-	-	-	-	-	-
Tangible Assets (net)	196.705	193.414	-	-	-	3.291
Intangible Assets (net)	2.876	-	-	-	-	2.876
Investment Properties (net)	-	-	-	-	-	-
Tax Assets	-	-	-	-	-	-
Assets Held for Sale and Discontinued Operations (net)	710.021	710.021	-	-	-	-
Other Assets	244.595	162.594	1.437	-	-	82.048
<b>Total Assets</b>	<b>115.575.372</b>	<b>118.493.079</b>	<b>8.307.361</b>	<b>-</b>	<b>969.687</b>	<b>336.873</b>

(1)The amount of the financial instruments included in the trading accounts in accordance with TAS within the scope of the "Regulation on Measurement and Assessment of Capital Adequacy of Banks" has been included.

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

**X. Explanations related to risk management (continued)**

**Linkages between financial statements and risk amounts (continued)**

**Differences and linkage between asset and liabilities' carrying values in financial statements and amounts in capital adequacy calculation**

Prior Period	Carrying values in financial statements prepared as per TAS	Carrying values of items in accordance with Turkish Accounting Standards				
Liabilities		Subject to credit risk	Subject to counterparty credit risk	Securitization Positions	Subject to market risk (1)	Not subject to capital requirements or subject to deduction from capital
Deposits	-	-	-	-	-	-
Derivative Financial Liabilities Held for Trading	70.814.085	-	2.234.168	-	-	68.579.917
Funds Borrowed	1.442.866	-	1.442.866	-	-	-
Money Market Funds	21.047.752	-	-	-	-	21.047.752
Securities Issued	737.733	-	-	-	-	737.733
Funds	-	-	-	-	-	-
Miscellaneous Payables	1.132.343	-	401.666	-	857.739	30.854
Other Liabilities	-	-	-	-	-	-
Factoring Payables	2.245	-	-	-	-	2.245
Lease Payables	1.042.830	-	-	-	-	1.042.830
Derivative Financial Liabilities Held for Risk Management	551.910	-	-	-	-	551.910
Provisions	-	-	-	-	-	-
Tax Liability	-	-	-	-	-	-
Liabilities for Assets Held for Sale and Discontinued Operations (net)	3.829.127	-	-	-	-	3.829.127
Subordinated Debts	2.192.474	-	1.799.501	-	-	392.973
Shareholders' Equity	12.782.007	-	-	-	-	12.782.007
Total Liabilities	115.575.372	-	5.878.201	-	857.739	108.997.348

(1) The amount of the financial instruments included in the trading accounts in accordance with TAS within the scope of the "Regulation on Measurement and Assessment of Capital Adequacy of Banks" has been included.

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

**X. Explanations related to risk management (continued)**

**Linkages between financial statements and risk amounts (continued)**

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

	<b>Current Period</b>	<b>Total</b>	<b>Credit Risk</b>	<b>Securitization Positions</b>	<b>Counterparty credit risk</b>	<b>Market risk</b>
1	Asset carrying value amount under scope of regulatory consolidation (1)	176.884.037	182.861.590	-	5.834.000	1.022.035
2	Liabilities carrying value amount under regulatory scope of consolidation (1)	176.884.037	-	-	4.400.603	856.806
3	<b>Total net amount</b>		<b>182.861.590</b>	<b>-</b>	<b>1.433.397</b>	<b>165.229</b>
4	Off-balance sheet amounts	158.547.525	10.129.868	-	516.854	-
5	Differences due to prudential filters	-	(60.223.030)	-	(301.007)	1.576.396
6	<b>Risk Amounts</b>	<b>-</b>	<b>132.768.428</b>	<b>-</b>	<b>1.649.244</b>	<b>1.741.625</b>

(1) The differences between the values of the assets and liabilities included in the financial statement values and the capital adequacy calculation and the amounts in the matching table.

	<b>Prior Period</b>	<b>Total</b>	<b>Credit Risk</b>	<b>Securitization Positions</b>	<b>Counterparty credit risk</b>	<b>Market risk</b>
1	Asset carrying value amount under scope of regulatory consolidation	115.575.372	118.493.079	-	8.307.361	969.687
2	Liabilities carrying value amount under regulatory scope of consolidation(1)	115.575.372	-	-	5.878.201	857.739
3	<b>Total net amount</b>	<b>-</b>	<b>118.493.079</b>	<b>-</b>	<b>2.429.160</b>	<b>111.948</b>
4	Off-balance sheet amounts	122.002.033	7.070.638	-	330.098	-
5	Differences due to prudential filters	-	(28.181.349)	-	(220.468)	3.181.990
6	<b>Risk Amounts</b>	<b>-</b>	<b>97.382.368</b>	<b>-</b>	<b>2.538.790</b>	<b>3.293.938</b>

(1) The differences between the values of the assets and liabilities included in the financial statement values and the capital adequacy calculation and the amounts in the matching table.

Difference between the amounts of assets within the scope of legal consolidation as valued in accordance with TAS and credit risk exposures results from the transactions which are not subject to credit risk. Difference between off-balance sheet exposures and credit risk exposures results from the application of credit conversion factors to off-balance sheet exposures in line with the Regulation on the Measurement and Assessment of the Capital Adequacy of Banks.

The Bank takes into account the prudent valuation principles and principles in Annex-3 annexed to the Regulation on the Measurement and Evaluation of Capital Adequacy of Banks for all positions in trading or banking accounts to be taken into account in the measurement of capital adequacy with its fair value. The Bank uses the valuation method with market value as much as possible and the valuation methods are included in detail in the third section of the report under the heading VII. Explanations for Financial Instruments in the Accounting Policies section of the report.



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

**X. Explanations related to risk management (continued)**

**Explanations related to credit risk**

**General qualitative information on credit risk**

Credit risk is the possibility of incurring losses due to fulfill the credit customer or the counterparty, with whom the Bank has made an agreement with, does not fulfill its obligations appropriately or is not able to meet these obligations. While the largest and most visible source of credit risk consists of the loans extended by the bank, other assets included in balance sheets, non-cash loans and commitments are also taken into consideration within the scope of credit risk.

Credit risk is measured and managed in accordance with the Credit Risk Policies developed within the scope of the Risk Management Policies of the Bank. In this sense, the structure and characteristics of a loan, the provisions of loan agreements and financial conditions, structure of the risk profile until the end of maturity in parallel with potential market trends, guarantees and collaterals, internal risk ratings and potential changes with regard to the ratings in the process of risk exposure and concentrations (a single company, a group of affiliated companies, sector, country etc.) are taken into consideration. Compliance with the limits and risk appetite levels determined by the Board of Directors is monitored. Credit risk is managed by loan allocation and loan monitoring units in the Bank. Creditworthiness of loan customers is monitored and reviewed on a regular basis. Credit limits are set by the Board of Directors, the credit committee of the bank and the loan management. The Bank receives a sufficient amount of collateral in return for the loans extended thereby and its other receivables.

Credit risk is measured, monitored and reported by the Risk Management Department. Concentrations in the loan portfolio, loan quality of the portfolio, collateral structure, measurements concerning capital adequacy, stress tests and scenario analyses and the level of compliance with limits are regularly reported to the Board of Directors and the senior management.

**Credit quality of assets**

	Gross Carrying Value in Financial Statements Prepared in Accordance with Turkish Accounting Standards (TAS)		Allowances/ amortization and impairments	Net Values (a+b+c)
	Defaulted (a)	Non-defaulted (b)	(c)	(d)
<b>Current Period</b>				
1 Loans	3.939.162	158.533.072	8.217.105	154.255.129
2 Debt Securities	-	27.929.603	90.302	27.839.301
3 Off-balance sheet	265.751	20.691.830	194.865	20.762.716
4 <b>Total</b>	<b>4.204.913</b>	<b>207.154.505</b>	<b>8.502.272</b>	<b>202.857.146</b>

	Gross Carrying Value in Financial Statements Prepared in Accordance with Turkish Accounting Standards (TAS)		Allowances/ amortization and impairments	Net Values (a+b+c)
	Defaulted (a)	Non-defaulted (b)	(c)	(d)
<b>Prior Period</b>				
1 Loans	2.326.941	98.007.645	5.487.578	94.847.008
2 Debt Securities	-	23.593.693	192.323	23.401.370
3 Off-balance sheet	4.091	18.703.678	49.850	18.657.919
4 <b>Total</b>	<b>2.331.032</b>	<b>140.305.016</b>	<b>5.729.751</b>	<b>136.906.297</b>

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

**X. Explanations related to risk management (continued)**

**Explanations related to credit risk (continued)**

**Changes in stock of default loans and debt securities**

	<b>Current Period</b>	<b>Balance</b>
1	<b>Defaulted loans and debt securities at end of the previous reporting period</b>	<b>2.331.032</b>
2	Loans and debt securities that have defaulted since the last reporting period	2.246.077
3	Receivables back to non-defaulted status	-
4	Amounts written off	84.611
5	Other changes	(287.585)
6	<b>Defaulted loans and debt securities at end of the reporting period (1+2+3+4±5)</b>	<b>4.204.913</b>

	<b>Prior Period</b>	<b>Balance</b>
1	<b>Defaulted loans and debt securities at end of the previous reporting period</b>	<b>2.081.115</b>
2	Loans and debt securities that have defaulted since the last reporting period	582.853
3	Receivables back to non-defaulted status	-
4	Amounts written off	557.916
5	Other changes	224.980
6	<b>Defaulted loans and debt securities at end of the reporting period (1+2+3+4±5)</b>	<b>2.331.032</b>

**Additional disclosure related to the credit quality of assets**

The Bank considers stage 2 loans that collections of principal and interest payments have not been realized on due dates as past due in accordance with the “Regulation on Identification of and Provision against Non-Performing Loans and Other Receivables”.

Loans that collections of principal and interest payments are over due more than 90 days and losing creditworthiness is considered by the Bank as impaired or provisioned loans.

General loan loss provision is calculated for past due loans; Specific provision is calculated for impaired loans. The methods used in determining the provision amounts are explained in Section Three Note VIII.

Refinancing and restructuring; is the replacement of one or several loans extended by the Bank to a new loan that will cover the principal or interest payment in whole or in part due to the financial distress expected by the customer or the group in the present or future, or change the terms in the current loans to ensure that the debt can be paid.

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

**X. Explanations related to risk management (continued)**

**Explanations related to credit risk (continued)**

***Breakdown of receivables according to major regions, sector and remaining maturities***

Breakdown of receivables by major regions, sectors and remaining maturities is included in footnotes under Section Four, Note II, "Explanations Related to Credit Risk."

***Impaired loans on the basis of major regions and sectors and amounts written off corresponding provisions***

On the basis of geographical regions, the receivables from the Bank consist of domestic receivables.

On sectoral basis, the amount of the Bank's impaired loans and related provisions are included in footnotes under Section Four, Note II. "Information of major sectors or type of counterparties" explanations credit risk explanations.

As of December 31, 2023, the amount of written off receivables is TL 84.611 (December 31, 2022: TL 557.916).

***Aging analysis for overdue receivables***

The aging analysis of the receivables past due is included in footnotes under Section Four, Note II. "Explanations related to credit risk".

**Credit risk mitigation**

**Qualitative disclosure on credit risk mitigation techniques**

In the valuations made within the scope of credit risk mitigation techniques, the methods used in relation to the valuation and management of collateral are carried out in parallel with the Communiqué on Credit Risk Mitigation Techniques. Offsetting is not used as a credit risk reduction technique.

Financial guarantees in the Bank are subject to valuation on a daily basis. Due to the use of the comprehensive financial collateral method, the risk-reducing effects of collateral are taken into account through standard volatility adjustments. The valuations of real estate mortgages used in capital adequacy calculations are reviewed at regular intervals.

It is ensured that the value of the real estate is determined by the valuation institutions authorized by the CMB.

The main collateral that the Bank can use within the scope of credit risk mitigation techniques are; financial collateral, guarantees and mortgages. In the reporting made as of December 31, 2023, guarantees and mortgages were used as credit risk reduction techniques in the calculation of the amount based on credit risk.

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**SECTION FOUR (Continued)**

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

**X. Explanations related to risk management (continued)**

**Explanations related to credit risk (continued)**

**Credit risk mitigation (continued)**

**Qualitative disclosure on credit risk mitigation techniques (continued)**

**Credit risk mitigation techniques - Standard approach**

		Exposures unsecured: value in accordance with TAS	Exposures secured by collateral	Exposures secured by collateral, of which: secured amount	Exposures secured by financial guarantees	Exposures secured by financial guarantees of which: secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which: secured amount
	<b>Current Period</b>							
1	Loans	150.381.458	2.915.770	1.060.702	957.901	14.696	-	-
2	Debt securities	27.839.301	-	-	-	-	-	-
3	<b>Total</b>	<b>178.220.759</b>	<b>2.915.770</b>	<b>1.060.702</b>	<b>957.901</b>	<b>14.696</b>	<b>-</b>	<b>-</b>
4	Of which defaulted	3.939.162	-	-	-	-	-	-

		Exposures unsecured: value in accordance with TAS	Exposures secured by collateral	Exposures secured by collateral, of which: secured amount	Exposures secured by financial guarantees	Exposures secured by financial guarantees of which: secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which: secured amount
	<b>Prior Period</b>							
1	Loans	92.450.635	2.058.786	867.420	238.970	10.638	-	-
2	Debt securities	23.500.288	-	-	-	-	-	-
3	<b>Total</b>	<b>115.950.923</b>	<b>2.058.786</b>	<b>867.420</b>	<b>238.970</b>	<b>10.638</b>	<b>-</b>	<b>-</b>
4	Of which defaulted	2.326.941	-	-	-	-	-	-

**Credit risk under standard approach**

***Qualitative disclosures on banks' use of external credit ratings under the standardised approach for credit risk***

The related disclosures are included in footnotes "Disclosures on Credit Risk" under Section Four, Note II "Explanations related to credit risk".

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

**X. Explanations related to risk management (continued)**

**Explanations related to credit risk (continued)**

**Credit risk under standard approach (continued)**

***Credit risk exposure and credit risk mitigation effects***

	Curent Period	Exposures before credit conversion factor and credit risk mitigation		Exposures post credit conversion factor and credit risk mitigation		Risk weighted amount and risk weighted amount density	
		On-Balance sheet amount	Off-balance sheet amount	On-Balance sheet amount	Off-balance sheet amount	Risk weighted amount	Risk weighted amount density
	Risk Groups						
1	Exposures to sovereigns and their central banks	25.919.007	-	25.924.091	-	-	%0
2	Exposures to regional and local governments	-	-	-	-	-	-
3	Exposures to administrative bodies and noncommercial entities	-	7.897	-	1.579	1.579	%100
4	Exposures to multilateral development banks	39.951	-	39.951	-	-	%0
5	Exposures to international organizations	-	-	-	-	-	-
6	Exposures to banks and securities firms	11.662.676	614.257	11.668.799	144.181	2.928.231	%25
7	Exposures to corporates	79.338.639	12.728.454	79.327.433	6.580.789	80.812.878	%94
8	Retail exposures	-	-	-	-	-	-
9	Exposures secured by residential real estate property	-	-	-	-	-	-
10	Exposures secured by commercial real estate property	952.426	-	952.426	-	476.213	%50
11	Past due receivables	3.938.826	-	866.437	-	433.218	%50
12	Exposures in higher-risk categories	82	170.429	82	57.187	57.803	%101
13	Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-
14	Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-
15	Equity investments in the form of collective investment undertakings	271.765	-	271.765	-	271.765	%100
16	Other exposures	517.230	363.214	516.946	103.663	621.346	%100
17	Equity Investments	6.313.099	-	6.313.099	-	9.538.899	%151
18	<b>Total</b>	<b>128.953.701</b>	<b>13.884.251</b>	<b>125.881.029</b>	<b>6.887.399</b>	<b>95.141.932</b>	<b>%72</b>

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**SECTION FOUR (Continued)**

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

**X. Explanations related to risk management (continued)**

**Explanations related to credit risk (continued)**

**Credit risk under standard approach (continued)**

***Credit risk exposure and credit risk mitigation effects***

	Prior Period	Exposures before credit conversion factor and credit risk mitigation		Exposures post credit conversion factor and credit risk mitigation		Risk weighted amount and risk weighted amount density	
		On-Balance sheet amount	Off-balance sheet amount	On-Balance sheet amount	Off-balance sheet amount	Risk weighted amount	Risk weighted amount density
1	Exposures to sovereigns and their central banks	21.993.361	-	22.003.678	-	-	%0
2	Exposures to regional and local governments	-	-	-	-	-	-
3	Exposures to administrative bodies and noncommercial entities	-	11.516	-	2.303	2.303	%10
4	Exposures to multilateral development banks	65.251	-	65.251	-	-	%0
5	Exposures to international organizations	-	-	-	-	-	-
6	Exposures to banks and securities firms	7.922.193	992.360	7.922.424	59.266	2.324.427	%29
7	Exposures to corporates	56.382.301	62.618.850	56.371.754	5.353.323	58.108.592	%94
8	Retail exposures	-	-	-	-	-	-
9	Exposures secured by residential real estate property	-	-	-	-	-	-
10	Exposures secured by commercial real estate property	792.218	-	792.218	-	396.109	%50
11	Past due receivables	2.320.182	-	186.913	-	93.456	%50
12	Exposures in higher-risk categories	80.928	622.908	80.928	3.918	126.864	%150
13	Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-
14	Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-
15	Equity investments in the form of collective investment undertakings	545.914	-	545.914	-	545.914	%100
16	Other exposures	272.998	239.483	272.989	105.607	378.596	%100
17	Equity Investments	3.615.882	-	3.615.882	-	5.557.440	%154
18	<b>Total</b>	<b>93.991.228</b>	<b>64.485.117</b>	<b>91.857.951</b>	<b>5.524.417</b>	<b>67.533.701</b>	<b>%69</b>

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**SECTION FOUR (Continued)**

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

**X. Explanations related to risk management (continued)**

**Explanations related to credit risk (continued)**

**Credit risk under standard approach (continued)**

**Exposures by asset classes and risk weights**

	Current Period					50% Secured by Real Estate Property							Total Risk Amount (After CCR and CVA)
	Risk Groups/ Risk Weight	%0	%10	%20	%25		%75	%100	%150	%200	%250	%500	
1	Exposures to sovereigns and their central banks	25.924.091	-	-	-	-	-	-	-	-	-	-	25.924.091
2	Exposures to regional and local governments	-	-	-	-	-	-	-	-	-	-	-	-
3	Exposures to administrative bodies and noncommercial entities	-	-	-	-	-	-	1.579	-	-	-	-	1.579
4	Exposures to multilateral development banks	39.951	-	-	-	-	-	-	-	-	-	-	39.951
5	Exposures to international organizations	-	-	-	-	-	-	-	-	-	-	-	-
6	Exposures to banks and securities firms	-	-	9.959.566	-	1.834.193	-	19.221	-	-	-	-	11.812.980
7	Exposures to corporates	-	-	1.747.997	-	8.155.394	-	75.896.495	-	17.532	-	90.804	85.908.222
8	Retail exposures	-	-	-	-	-	-	-	-	-	-	-	-
9	Receivables secured by commercial real estate mortgages	-	-	-	-	952.426	-	-	-	-	-	-	952.426
10	Past due receivables	-	-	-	-	866.437	-	-	-	-	-	-	866.437
11	Exposures in higher-risk categories	-	-	-	-	3	-	56.196	1.070	-	-	-	57.269
12	Collateralized securities	-	-	-	-	-	-	-	-	-	-	-	-
13	Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-	-
14	Equity investments in the form of collective investment undertakings	-	-	-	-	-	-	271.765	-	-	-	-	271.765
15	Equity investments	-	-	-	-	-	-	4.162.566	-	-	2.150.533	-	6.313.099
16	Other exposures	-	-	-	-	-	-	619.135	1.474	-	-	-	620.609
17	<b>Toplam</b>	<b>25.964.042</b>	<b>-</b>	<b>11.707.563</b>	<b>-</b>	<b>11.808.453</b>	<b>-</b>	<b>81.026.957</b>	<b>2.544</b>	<b>17.532</b>	<b>2.150.533</b>	<b>90.804</b>	<b>132.768.428</b>

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**SECTION FOUR (Continued)**

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

**X. Explanations related to risk management (continued)**

**Explanations related to credit risk (continued)**

**Credit risk under standard approach (continued)**

**Exposures by asset classes and risk weights**

	Prior Period					50% Secured by Real Estate Property						Total Risk Amount (After CCR and CVA)
	Risk Groups/ Risk Weight	0%	10%	20%	25%		75%	100%	150%	200%	250%	
1	Exposures to sovereigns and their central banks	22.003.678	-	-	-	-	-	-	-	-	-	22.003.678
2	Exposures to regional and local governments	-	-	-	-	-	-	-	-	-	-	-
3	Exposures to administrative bodies and noncommercial entities	-	-	-	-	-	-	2.303	-	-	-	2.303
4	Exposures to multilateral development banks	65.251	-	-	-	-	-	-	-	-	-	65.251
5	Exposures to international organizations	-	-	-	-	-	-	-	-	-	-	-
6	Exposures to banks and securities firms	-	-	5.554.818	-	2.426.817	-	55	-	-	-	7.981.690
7	Exposures to corporates	-	-	1.804.152	-	5.104.210	-	54.437.773	-	378.942	-	61.725.077
8	Retail exposures	-	-	-	-	-	-	-	-	-	-	-
9	Receivables secured by commercial real estate mortgages	-	-	-	-	792.218	-	-	-	-	-	792.218
10	Past due receivables	-	-	-	-	186.913	-	-	-	-	-	186.913
11	Exposures in higher-risk categories	-	-	-	-	3	-	804	84.039	-	-	84.846
12	Collateralized securities	-	-	-	-	-	-	-	-	-	-	-
13	Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-
14	Equity investments in the form of collective investment undertakings	-	-	-	-	-	-	545.914	-	-	-	545.914
15	Equity investments	-	-	-	-	-	-	2.321.509	-	-	1.294.373	3.615.882
16	Other exposures	-	-	-	-	-	-	378.596	-	-	-	378.596
17	<b>Total</b>	<b>22.068.929</b>	<b>-</b>	<b>7.358.970</b>	<b>-</b>	<b>8.510.161</b>	<b>-</b>	<b>57.686.954</b>	<b>84.039</b>	<b>378.942</b>	<b>1.294.373</b>	<b>97.382.368</b>



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**SECTION FOUR (Continued)**

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

**X. Explanations related to risk management (continued)**

**Disclosures on counterparty credit risk (CCR)**

**Qualitative disclosures on CCR**

Counterparty credit risk is managed by monitoring the concentrations at various levels with regard to counterparty credit risks, the capital requirement imposed by the counterparty credit risk and the limits set by the Board of Directors for counterparty transactions. Moreover, the ratio of the counterparty credit risk exposure to total risk-weighted assets has been identified as a risk appetite indicator.

Counterparty credit risk resulting from repurchase transactions, securities and commodities lending transactions and derivatives transactions is calculated within the framework of Annex 2 of the Regulation on the Measurement and Assessment of the Capital Adequacy of Banks. Fair Value Valuation Method is applied for derivatives transactions. Risk exposure of derivative transactions is equal to 1,4 times the sum of replacement cost and potential credit risk amount. Besides, capital requirement is also calculated for credit valuation adjustment (CVA) risk in relation to derivatives transactions. For repurchase and securities lending transactions risk amount is calculated considering volatility and credit quality level.

Derivatives transactions executed with counterparties are carried out within the scope of "ISDA" and "CSA" agreements. These agreements contain the same collateralization provisions for our Bank and counterparties and daily collateral settlement is performed.

**Analysis of counterparty credit risk exposure by approach**

	Current Period	Replacement cost	Potential future exposure	EEPE	Alpha used for computing regulatory exposure at default	Exposure at default post Credit risk mitigation	Risk weighted amount
1	Standard Approach to Counterparty Credit Risk Measurement (for derivatives)	291.836	282.089	-	1,4	803.495	326.237
2	Internal Model Method (for derivatives and securities financing transactions)	-	-	-	-	-	-
3	The simple method used for KRA is the financial collateral method (for securities financing transactions)	-	-	-	-	-	-
4	Comprehensive financial collateral method used for KRA (for securities financing transactions)	-	-	-	-	753.825	622.951
5	Value at risk for securities financing transactions	-	-	-	-	-	-
6	<b>Total</b>	-	-	-	-	-	<b>949.188</b>

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**SECTION FOUR (Continued)**

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

**X. Explanations related to risk management (continued)**

**Disclosures on counterparty credit risk (CCR) (continued)**

**Analysis of counterparty credit risk exposure by approach (continued)**

	Prior Period	Replacement cost	Potential future exposure	EEPE	Alpha used for computing regulatory exposure at default	Exposure at default post Credit risk mitigation	Risk weighted amount
1	Standard Approach to Counterparty Credit Risk Measurement (for derivatives)	493.983	185.579	-	1,4	951.387	591.146
2	Internal Model Method (for derivatives and securities financing transactions)	-	-	-	-	-	-
3	The simple method used for KRA is the financial collateral method (for securities financing transactions)	-	-	-	-	-	-
4	Comprehensive financial collateral method used for KRA (for securities financing transactions)	-	-	-	-	1.476.035	935.763
5	Value at risk for securities financing transactions	-	-	-	-	-	-
6	<b>Total</b>	-	-	-	-	-	<b>1.526.909</b>

**Credit valuation adjustment (CVA) for capital charge**

	Current Period	Exposure at default post-credit risk mitigation techniques	Risk weighted amount
	Total portfolios subject to the Advanced CVA capital charge	-	-
1	(i) VaR component (including the 3×multiplier)	-	-
2	(ii) Stressed VaR component (including the 3×multiplier)	-	-
3	All portfolios subject to the Standardised CVA capital charge	803.495	217.668
4	<b>Total subject to the CVA capital charge</b>	<b>803.495</b>	<b>217.668</b>

	Prior Period	Exposure at default post-credit risk mitigation techniques	Risk weighted amount
	Total portfolios subject to the Advanced CVA capital charge	-	-
1	(i) VaR component (including the 3×multiplier)	-	-
2	(ii) Stressed VaR component (including the 3×multiplier)	-	-
3	All portfolios subject to the Standardised CVA capital charge	951.387	272.141
4	<b>Total subject to the CVA capital charge</b>	<b>951.387</b>	<b>272.141</b>

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**SECTION FOUR (Continued)**

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

**X. Explanations related to risk management (continued)**

**Disclosures on counterparty credit risk (CCR) (continued)**

**Counterparty credit risk exposures (CCR) by regulatory portfolio and risk weights**

<b>Current Period</b>									
<b>Risk weight</b>	<b>0%</b>	<b>10%</b>	<b>20%</b>	<b>50%</b>	<b>75%</b>	<b>100%</b>	<b>150%</b>	<b>Other</b>	<b>Total credit exposure(1)</b>
<b>Risk groups</b>									
Exposures to sovereigns and their central banks	149.132	-	-	-	-	-	-	-	149.132
Exposures to regional and local governments	-	-	-	-	-	-	-	-	-
Exposures to administrative bodies and noncommercial entities	-	-	-	-	-	44.675	-	-	44.675
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-	-	-	-
Exposures to banks and securities firms	-	-	275.960	457.220	-	-	-	-	733.180
Exposures to corporates	-	-	3.525	13.604	-	613.204	-	-	630.333
Retail exposures	-	-	-	-	-	-	-	-	-
Other exposures	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>149.132</b>	<b>-</b>	<b>279.485</b>	<b>470.824</b>	<b>-</b>	<b>657.879</b>	<b>-</b>	<b>-</b>	<b>1.557.320</b>

(1) Total credit risk: The amount related to the calculation of capital adequacy after applying counterparty credit risk measurement techniques.

<b>Prior Period</b>									
<b>Risk weight</b>	<b>0%</b>	<b>10%</b>	<b>20%</b>	<b>50%</b>	<b>75%</b>	<b>100%</b>	<b>150%</b>	<b>Other</b>	<b>Total credit exposure(1)</b>
<b>Risk groups</b>									
Exposures to sovereigns and their central banks	80.614	-	-	-	-	-	-	-	80.614
Exposures to regional and local governments	-	-	-	-	-	-	-	-	-
Exposures to administrative bodies and noncommercial entities	-	-	-	-	-	592	-	-	592
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-	-	-	-
Exposures to banks and securities firms	-	-	186.377	1.289.156	-	-	-	-	1475.533
Exposures to corporates	-	-	5.366	48.319	-	812.400	4.466	-	870.551
Retail exposures	-	-	-	-	-	-	-	-	-
Other exposures	-	-	-	-	-	132	-	-	132
<b>Total</b>	<b>80.614</b>	<b>-</b>	<b>191.743</b>	<b>1.337.475</b>	<b>-</b>	<b>813.124</b>	<b>4.466</b>	<b>-</b>	<b>2.427.422</b>

(1) Total Credit Exposures Amount: The amount which is related to capital adequacy calculation after implementation of counter party credit risk mitigation techniques.

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**SECTION FOUR (Continued)**

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

**X. Explanations related to risk management (continued)**

**Disclosures on counterparty credit risk (CCR) (continued)**

**Collaterals used for CCR**

	Derivative Financial Instrument Collaterals				Other Instrument Collaterals	
Current Period	Collaterals received		Collaterals given		Collaterals received	Collaterals given
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash – domestic currency	-	-	-	-	256.137	-
Cash – foreign currency	944.580	-	99.783	-	1.404.555	-
Domestic sovereign debt	-	-	-	-	-	-
Other sovereign debt	-	-	-	-	-	-
Government agency debt	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
<b>Total</b>	<b>944.580</b>	<b>-</b>	<b>99.783</b>	<b>-</b>	<b>1.660.692</b>	<b>-</b>

	Derivative Financial Instrument Collaterals				Other Instrument Collaterals	
Prior Period	Collaterals received		Collaterals given		Collaterals received	Collaterals given
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash – domestic currency	-	-	-	-	186.307	-
Cash – foreign currency	1.173.598	-	113.499	-	2.526.391	-
Domestic sovereign debt	-	-	-	-	-	-
Other sovereign debt	-	-	-	-	-	-
Government agency debt	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
<b>Total</b>	<b>1.173.598</b>	<b>-</b>	<b>113.499</b>	<b>-</b>	<b>2.712.698</b>	<b>-</b>

**Credit derivatives**

None (December 31, 2022: None).

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**SECTION FOUR (Continued)**

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

**X. Explanations related to risk management (continued)**

**Exposures to central counterparties**

	Current Period		Prior Period	
	Exposure at Default Post – CRM	RWA	Exposure at Default Post – CRM	RWA
<b>Exposure to Qualified Central Counterparties (QCCPs) Total</b>	219.393	2.768	318.012	2.837
Exposures for trades at QCCPs (excluding initial margin and default fund contributions) of which	91.924	1.838	111.369	2.227
(i) OTC Derivatives	91.924	1.838	111.369	2.227
(ii) Exchange-traded Derivatives	-	-	-	-
(iii) Securities financing transactions	-	-	-	-
(iv) Netting sets where cross-product netting has been approved	-	-	-	-
Segregated initial margin	81.017	-	176.439	-
Non-segregated initial margin	-	-	-	-
Pre-funded default fund contributions	46.452	930	30.204	610
Unfunded default fund contributions	-	-	-	-
<b>Exposures to non- Central Counterparties (QCCPs) Total</b>	-	-	-	-
Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	-	-	-	-
(i) OTC Derivatives	-	-	-	-
(ii) Exchange-traded Derivatives	-	-	-	-
(iii) Securities financing transactions	-	-	-	-
(iv) Netting sets where cross-product netting has been approved	-	-	-	-
Segregated initial margin	-	-	-	-
Non-segregated initial margin	-	-	-	-
Pre-funded default fund contributions	-	-	-	-
Unfunded default fund contributions	-	-	-	-

**Securitization exposures:**

None (December 31, 2022: None).

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**SECTION FOUR (Continued)**

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

**X. Explanations related to risk management (continued)**

**Explanations on market risk**

**Qualitative information to be disclosed to public concerning market risk**

Market risk is the possibility of a risk being incurred by the portfolio or position accepted within the scope of trading portfolio as a result of interest rates, equity prices, commodity prices in financial markets and exchange rate fluctuations. The purpose of market risk management is to manage, within the appropriate parameters, the risks which the Bank might be exposed to with a proactive approach and thus maximize the Bank's risk adjusted return.

Interest rate, exchange rate, stock and commodity price risks are the major elements of market risk. In order to control these risks in a healthy manner the core principal is to manage transactions carried out in money and capital markets such that they do not form concentration in terms of instrument, maturity, currency, interest type and other similar parameters, and in a "well diversified" manner in accordance with their risk levels. Moreover, the creditworthiness of issuers of financial instruments causing market risk is monitored carefully.

Market Risk is managed by using consistent risk measurements and criteria fluctuation level of interest rates and/or prices and Value at Risk calculations, establishing appropriate procedures for control and monitoring compliance with identified risk limits and risk appetite.

Market risk is measured, monitored and reported by the Department of Risk Management. The Bank uses in the calculation of market risk, BRSA Standard Method and advanced method which is Value at Risk (VaR) and Expected Shortfall approaches.

The standard method is applied in the calculation of capital adequacy on a monthly basis. VaR calculations are performed on a daily basis and are reported to the senior management. Monte Carlo simulation method is used for VaR calculations.

The VaR model is based on the assumptions of a 99% confidence interval and a 1-day holding period, and the accuracy of the model is assured by back-testing which is based on the comparison of calculated VaR Value against incurred losses. Besides, stress tests are conducted so as to identify the impacts on VaR which will be highly damaging, although their occurrence is a low possibility.

In addition to the activities of the Risk Management Department, the Treasury Control Unit also reports daily positions and limit use status to the senior management.

**Market Risk-standard approach**

		<b>Risk Weighted Amount (RWA)</b>	
		<b>Current Period</b>	<b>Prior Period</b>
	<b>Outright products</b>	-	-
1	Interest rate risk (general and specific)	527.463	428.813
2	Equity risk (general and specific)	19.674	-
3	Foreign exchange risk	1.194.488	2.874.075
4	Commodity risk	-	-
	<b>Options</b>	-	-
5	Simplified approach	-	-
6	Delta-plus method	-	-
7	Scenario approach	-	-
8	Securitisation	-	-
9	<b>Total</b>	<b>1.741.625</b>	<b>3.302.888</b>

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**SECTION FOUR (Continued)**

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

**X. Explanations related to risk management (continued)**

**Explanations on operational risk**

**Information to be disclosed to the public regarding operational risk**

Operational Risk Exposure is measured in the Bank once a year by using the Basic Indicator Method based on the "Regulation on the Measurement and Assessment of the Capital Adequacy of Banks".

	31/12/2020	31/12/2021	31/12/2022	Total/Positive BG year number	Ratio(%)	Total
Gross Income	2.090.820	3.454.648	7.712.023	4.419.164	15	662.875
Value at Operational Risk (Total*12,5)						8.285.932

	31/12/2019	31/12/2020	31/12/2021	Total/Positive BG year number	Ratio(%)	Total
Gross Income	1.537.162	2.090.820	3.454.648	2.360.877	15	354.132
Value at Operational Risk (Total*12,5)						4.426.644

**Disclosures on interest rate risk resulting from banking book**

It is monthly calculated and reported within the scope of the Standard Shock Measurement and Evaluation Method of the Interest Rate Risk in Banking Accounts Duration.

The economic valuation differences of the Bank arising from fluctuations on interest rates, in different currencies that is calculated in accordance with the communiqué are presented in the table below.

	Current Period	Applied Shock (+/- x basis point)	Revenue/ Loss	Revenue/Shareholders' Equity – Loss / Shareholders' Equity
	Currency			
1	TL	(+) 500bp	(196.047)	%(0,70)
2	TL	(-) 400bp	182.517	%0,66
3	EURO	(+) 200bp	(97.266)	%(0,35)
4	EURO	(-) 200bp	112.645	%0,40
5	USD	(+) 200bp	(938.320)	%(3,37)
6	USD	(-) 200bp	1.085.995	%3,90
	Total (for Negative Shocks)		1.381.158	%4,97
	Total (for Positive Shocks)		(1.231.634)	%(4,43)

	Prior Period	Applied Shock (+/- x basis point)	Revenue/ Loss	Revenue/Shareholders' Equity – Loss/ Shareholders' Equity
	Currency			
1	TL	(+) 500bp	(191.612)	%(1,11)
2	TL	(-) 400bp	174.185	%1,01
3	EURO	(+) 200bp	(27.099)	%(0,16)
4	EURO	(-) 200bp	36.391	%0,21
5	USD	(+) 200bp	(575.041)	%(3,33)
6	USD	(-) 200bp	667.769	%3,86
	Total (for Negative Shocks)		878.345	%5,08
	Total (for Positive Shocks)		(793.752)	%(4,59)

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**SECTION FIVE**

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS**

**I. Explanations and disclosures related to the assets**

**1.a Information on cash and balances with the Central Bank of Turkey:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	-	-	-	-
Balances with the Central Bank of Turkey	8.682	2.934.142	18.958	2.778.981
Other	-	-	-	-
<b>Total</b>	<b>8.682</b>	<b>2.934.142</b>	<b>18.958</b>	<b>2.778.981</b>

**1.b. Information related to the account of the Central Bank of Turkey:**

	Current Period(1)		Prior Period	
	TL	FC	TL	FC
Unrestricted demand deposits	8.682	36.542	18.958	22.323
Unrestricted time deposits	-	-	-	-
Restricted time deposits	-	-	-	-
Other (2)	-	2.897.600	-	2.756.658
<b>Total</b>	<b>8.682</b>	<b>2.934.142</b>	<b>18.958</b>	<b>2.778.981</b>

(1) Expected credit loss amounting to TL 520 is allocated in "Balances with the Central Bank of Turkey" (December 31, 2022: TL 372).

(2) Includes the amount of required reserves blocked at the CBRT for Turkish lira assets and foreign currency liabilities.

As per the Communiqué numbered 2005/1 "Reserve Deposits" of the CBRT, banks keep reserve deposits at the CBRT for their TL and FC liabilities mentioned in the communiqué. Reserves are calculated and set aside every two weeks on Fridays for 14 days periods. The CBRT Required reserves of 2 May 2015 has started to pay interest to the Required reserves, reserve options and unrestricted account held in US dollars according to regulation released at 5 May 2015.

Pursuant to the CBRT's Communiqué on the Amendment of the Communiqué on Compulsory Reserves dated 23 April 2022 and numbered 31818 (No: 2013/15) (No: 2022/17); It was announced that commercial cash loans in Turkish lira, excluding the loan types of banks and financing companies specified in the communiqué, will be subject to reserve requirements, with the Communiqué Amending the Communiqué on Required Reserves (No: 2013/15) dated 20 August 2022 and numbered 31929 (No: 2022/24) published after, it was announced that the required reserve ratio for the assets subject to required reserves would be 0 percent for banks.

Pursuant to Communiqué Amending the CBRT's Communiqué dated 20 August 2022 and numbered 31929 on the Establishment of Turkish Lira Securities for Foreign Currency Liabilities (No: 2022/20) (No: 2022/23), It was announced that securities should be established for commercial cash loans in Turkish lira, excluding the loan types specified in the communiqué, of banks and financing companies.



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**SECTION FIVE**

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS**

**I. Explanations and disclosures related to the assets (continued)**

**1.b Information related to the account of the Central Bank of Turkey (continued)**

As per the “Communiqué on Amendments to be Made on Communiqué on Required Reserves” of Central Bank of Turkey, numbered 2011/11 and 2011/13, required reserves for Turkish Lira and Foreign currency liabilities are set at Central Bank of Turkey based on rates mentioned below. Reserve rates prevailing at December 31, 2023 are presented in table below:

Reserve Rates for Turkish Lira Liabilities (%)	
Original Maturity	Reserve Ratio
Borrower funds	0
Until 1 year maturity (1 year included)	8
Until 3 year maturity (3 year included)	5,5
More than 3 year maturity	3
Securities issued by development and investment banks with a maturity of more than 1 year	0
Reserve Rates for Foreign Currency Liabilities (%)	
Original Maturity	Reserve Ratio
Borrower funds	25
Until 1 year maturity (1 year included)	21
Until 2 year maturity (2 year included)	16
Until 3 year maturity (3 year included)	11
Until 5 year maturity (5 year included)	7
More than 5 year maturity	5

**2. Information on financial assets at fair value through profit and loss:**

**2.a. Information on financial assets designated at fair value through profit and loss given as collateral or blockage:**

As of the reporting date, the Bank has no financial assets designated at fair value through profit and loss given as collateral or blockage (December 31, 2022: None).

**2.b Financial assets designated at fair value through profit and loss subject to repurchase agreements:**

As of the reporting date, the Bank has no financial assets designated at fair value through profit and loss subject to repurchase agreements (December 31, 2022: None).

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.**  
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**SECTION FIVE (Continued)**

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS**  
**(Continued)**

- I. Explanations and disclosures related to the assets (continued)**
- 2. Information on financial assets at fair value through profit and loss (continued)**
- 2.c Positive differences table related to derivative financial assets:**

Financial Derivative Assets (1)	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	5.461	857	90.994	870
Swap Transactions	469.361	1.148.379	869.636	1.046.170
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>474.822</b>	<b>1.149.236</b>	<b>960.630</b>	<b>1.047.040</b>

(1) Derivative Financial Assets for Hedging Purposes amounting to TL 310.639 are shown in the "Derivative Financial Assets" account (December 31, 2022: TL 387.926).

As part of its economic hedging strategy, the Bank has implemented TL cross currency interest rate swap transactions in which the Bank's default risk is the reference. These swap agreements are subject to a direct closing condition for both the Bank and the counterparty, in the event of a credit default event (such as a non-payment) related to the Bank, to cancel the amounts accrued in the contract and all future payments. As of December 31, 2023, the market rediscount value of this swap transaction with a nominal amount of 25 million dollars is TL 401.197 and the maturity is 2027 (December 31, 2022: \$ 70 million is TL 720.082).

**2.d Loans measured at Fair Value through Profit/Loss:**

As of December 31, 2023, there are no loans with fair value difference reflected in profit and loss.

Prior period, As of March 31, 2022, LYY Telekomünikasyon A.Ş. owned by Türk Telekomünikasyon A.Ş. 192.500.000.000 Group A registered shares representing 55% of the capital were sold to the Turkey Wealth Fund, and as a result of the collection made from the sale amount, the portion of the related loan corresponding to the Bank's share was closed. Provision has been made for the entire loan amount remaining after collection. It has been classified as non-performing loans as of June 30, 2022 and has been written off from the asset in accounting terms with the specific provision amount set under TFRS 9 since there is no reasonable expectation regarding its recovery.

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.**  
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**SECTION FIVE (Continued)**

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS**  
**(Continued)**

**I. Explanations and disclosures related to the assets (continued)**

**3. Information on banks and foreign banks account**

**3.a Information on banks:**

	Current Period (1)		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic	819	4.071.119	20.454	158.015
Foreign	-	693.883	-	1.193.293
Branches and head office abroad	-	-	-	-
<b>Total</b>	<b>819</b>	<b>4.765.002</b>	<b>20.454</b>	<b>1.351.308</b>

(1) Expected credit loss amounting to TL 132 is allocated in "Banks" (December 31, 2022: TL 206).

**3.b Information on foreign banks**

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
European Union Countries	109.204	183.840	-	-
USA and Canada	67.826	92.897	-	-
OECD Countries (1)	516.853	916.556	-	-
Off-shore banking regions	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>693.883</b>	<b>1.193.293</b>	<b>-</b>	<b>-</b>

(1) OECD countries other than European Union countries, USA and Canada.

**4. Information on financial assets at fair value through other comprehensive income**

**4.a.1 Information on financial assets at fair value through other comprehensive income subject to repurchase agreements:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Government bonds	-	919.660	-	3.331
Treasury bills	-	-	-	-
Other government debt securities	-	-	-	-
Bank bonds and bank guaranteed bonds	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>-</b>	<b>919.660</b>	<b>-</b>	<b>3.331</b>

**4.a.2 Information on financial assets at fair value through other comprehensive income given as collateral or blockage:**

As of December 31, 2023, all financial assets at fair value through other comprehensive income given as collateral comprise of financial assets issued by the T.R. Undersecretariat of Treasury. The carrying value of those assets is TL 4.042.808.

	Current Period		Prior Period	
	TL	FC	TL	FC
Share certificates	-	-	-	-
Bond, treasury bill and similar investment securities	3.149.373	893.435	2.357.394	3.974.419
Other	-	-	-	-
<b>Total</b>	<b>3.149.373</b>	<b>893.435</b>	<b>2.357.394</b>	<b>3.974.419</b>

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**SECTION FIVE (Continued)**

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS**  
**(Continued)**

**I. Explanations and disclosures related to the assets (continued)**

**4. Information on financial assets at fair value through other comprehensive income (continued)**

**4.b Major types of financial assets at fair value through other comprehensive income:**

Financial assets at fair value through other comprehensive income comprised of government bonds 37,39%, Eurobonds 52,60%, 10,01% and shares and other securities (December 31, 2022: 25,75% government bonds, 62,45% Eurobond, 11,80% shares and other securities).

**4.c Information on financial assets at fair value through other comprehensive income:**

	Current Period	Prior Period
Debt securities	9.022.028	10.287.760
Quoted on a stock exchange	3.844.386	3.219.321
Unquoted	5.177.642	7.068.439
Share certificates	872.247	483.277
Quoted on a stock exchange	90.885	48.228
Unquoted	781.362	435.049
Impairment provision(-)	81.733	185.011
Other	-	467.746
<b>Total</b>	<b>9.812.542</b>	<b>11.053.772</b>

The net book value of unquoted financial assets at fair value through other comprehensive income share certificates is TL 776.468 (December 31, 2022: TL 430.155).

**5. Explanation on loans**

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

	Current Period		Prior Period	
	Cash Loans	Non-Cash Loans	Cash Loans	Non-Cash Loans
Direct loans granted to shareholders	597.442	-	681.627	-
Corporate shareholders	597.442	-	681.627	-
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	-	-	-	-
Loans granted to employees	10.072	-	5.921	-
<b>Total</b>	<b>607.514</b>	<b>-</b>	<b>687.548</b>	<b>-</b>

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.**  
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**SECTION FIVE (Continued)**

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS**  
**(Continued)**

**I. Explanations and disclosures related to the assets (continued)**

**5. Explanation on loans (continued)**

**5.b Information on Standard and Close Monitoring loans and restructured Close Monitoring loans:**

Current Period (1)	Standard Loans	Loans Under Close Monitoring		
		Loans Not Subject to Restructuring	Amendments on Conditions of Contract	
			Loans with Revised Contract Terms	Refinance
Non-specialized loans	112.977.913	6.023.402	6.744.619	-
Working Capital loans	15.824.843	218.923	4.185.837	-
Export loans	2.744.636	-	-	-
Import loans	-	-	-	-
Loans given to financial sector	13.351.262	-	-	-
Consumer loans	10.072	-	-	-
Credit cards	-	-	-	-
Other	81.047.100	5.804.479	2.558.782	-
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
<b>Total</b>	<b>112.977.913</b>	<b>6.023.402</b>	<b>6.744.619</b>	<b>-</b>

(1) Purchase Loans and Fleet Rental Loans totaling TL 1.763.838, which are shown under "Business Loans" in the bank account plan, are shown under the "Other" category in the footnote above due to their "Investment" nature.

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**SECTION FIVE (Continued)**

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS**  
**(Continued)**

**I. Explanations and disclosures related to the assets (continued)**

**5. Explanation on loans (continued)**

**5.b Information on Standard and Close Monitoring loans and restructured Close Monitoring loans:**

Prior Period (1)	Standard Loans	Loans Under Close Monitoring		
		Loans Not Subject to Restructuring	Amendments on Conditions of Contract	
			Loans with Revised Contract Terms	Refinance
Non-specialized loans	67.933.705	3.091.489	6.541.645	-
Working Capital loans	9.832.172	98.457	2.240.190	-
Export loans	2.602.907	68.592	-	-
Import loans	-	-	-	-
Loans given to financial sector	8.298.408	-	-	-
Consumer loans	5.921	-	-	-
Credit cards	-	-	-	-
Other	47.194.297	2.924.440	4.301.455	-
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
<b>Total</b>	<b>67.933.705</b>	<b>3.091.489</b>	<b>6.541.645</b>	<b>-</b>

(1) Purchase Loans and Fleet Rental Loans totaling TL 648.919, which are shown under "Business Loans" in the bank account plan, are shown under the "Other" category in the footnote above due to their "Investment" nature.

	Current Period		Prior Period	
	Standard Loans	Loans under Close Monitoring	Standard Loans	Loans under Close Monitoring
12 Months Expected Credit Loss	1.172.880	-	694.727	-
Significant Increase in Credit Risk	-	3.968.988	-	2.651.648

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**SECTION FIVE (Continued)**

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS**  
**(Continued)**

**I. Explanations and disclosures related to the assets (continued)**

**5. Explanation on loans (continued)**

**5.c Loans according to their maturity structure:**

Current Period (*)	Standard Loans	Loans Under Close Monitoring	
		Nonrestructured	Restructured
Short-term loans	6.782.133	218.923	2.041
Non-specialized loans	6.782.133	218.923	2.041
Specialized loans	-	-	-
Other receivables	-	-	-
Medium and Long-term loans	106.195.780	5.804.479	6.742.578
Non-specialized loans	106.195.780	5.804.479	6.742.578
Specialized loans	-	-	-
Other receivables	-	-	-

Prior Period (*)	Standard Loans	Loans Under Close Monitoring	
		Nonrestructured	Restructured
Short-term loans	5.275.872	103.568	-
Non-specialized loans	5.275.872	103.568	-
Specialized loans	-	-	-
Other receivables	-	-	-
Medium and Long-term loans	62.657.833	2.987.921	6.541.645
Non-specialized loans	62.657.833	2.987.921	6.541.645
Specialized loans	-	-	-
Other receivables	-	-	-

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.**  
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**SECTION FIVE (Continued)**

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS  
(Continued)**

**I. Explanations and disclosures related to the assets (continued)**

**5. Explanation on loans (continued)**

**5.d Information on consumer loans, individual credit cards, personnel loans and credit cards given to personnel:**

<b>Current Period</b>	<b>Short Term</b>	<b>Medium and Long Term</b>	<b>Total</b>
Consumer Loans-TL	-	-	-
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Consumer Loans –Indexed to FC	-	-	-
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	-	-
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Individual Credit Cards-TL	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Individual Credit Cards-FC	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Personnel Loans-TL	441	9.631	10.072
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	441	9.631	10.072
Other	-	-	-
Personnel Loans- Indexed to FC	-	-	-
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	-	-	-
With Instalments	-	-	-
Without Instalments	-	-	-
Personnel Credit Cards-FC	-	-	-
With Instalments	-	-	-
Without Instalments	-	-	-
Overdraft Accounts-TL (Real Persons)	-	-	-
Overdraft Accounts-FC (Real Persons)	-	-	-
<b>Total</b>	<b>441</b>	<b>9.631</b>	<b>10.072</b>



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**SECTION FIVE (Continued)**

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS  
(Continued)**

**I. Explanations and disclosures related to the assets (continued)**

**5. Explanation on loans (continued)**

**5.d Information on consumer loans, individual credit cards, personnel loans and credit cards given to personnel (continued):**

<b>Prior Period</b>	<b>Short Term</b>	<b>Medium and Long Term</b>	<b>Total</b>
Consumer Loans-TL	-	-	-
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Consumer Loans –Indexed to FC	-	-	-
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	-	-
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Individual Credit Cards-TL	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Individual Credit Cards-FC	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Personnel Loans-TL	404	5.517	5.921
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	404	5.517	5.921
Other	-	-	-
Personnel Loans- Indexed to FC	-	-	-
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose 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)	-	-	-
<b>Total</b>	<b>404</b>	<b>5.517</b>	<b>5.921</b>

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**SECTION FIVE (Continued)**

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS**  
**(Continued)**

**I. Explanations and disclosures related to the assets (continued)**

**5. Explanation on loans (continued)**

**5.e Information on commercial loans with instalments and corporate credit cards:**

The Bank has not granted any commercial loans with instalments and corporate credit cards as of the reporting date (December 31, 2022: None).

**5.f Loans according to borrowers:**

	Current Period	Prior Period
Public	1.328.082	484.677
Private	124.417.852	77.082.162
<b>Total</b>	<b>125.745.934</b>	<b>77.566.839</b>

(\*)Includes fair value through profit or loss loans.

**5.g Domestic and foreign loans:**

	Current Period	Prior Period
Domestic loans	125.745.934	77.279.553
Foreign loans	-	287.286
<b>Total</b>	<b>125.745.934</b>	<b>77.566.839</b>

**5.h Loans granted to subsidiaries and associates:**

	Current Period	Prior Period
Direct loans granted to subsidiaries and associates	2.325.017	1.496.337
Indirect loans granted to subsidiaries and associates	-	-
<b>Total</b>	<b>2.325.017</b>	<b>1.496.337</b>

**5.i Specific provisions provided against loans or default (Stage 3) provisions:**

	Current Period	Prior Period
Loans and receivables with limited collectability	1.446.480	232.742
Loans and receivables with doubtful collectability	1.391.307	1.557.486
Uncollectible loans and receivables	234.938	349.799
<b>Total</b>	<b>3.072.725</b>	<b>2.140.027</b>

**5.j Information on non-performing loans (net):**

**5.j.1 Information on loans and other receivables restructured from non-performing loans or linked to a new amortization schedule:**

	III. Group	IV. Group	V. Group
	Loans With Limited Collectability	Loans With Doubtful Collectability	Uncollectible Loans
<b>Current Period</b>			
Gross amounts before provisions	749.784	1.450.294	152.289
Rescheduled loans	749.784	1.450.294	152.289
<b>Prior Period</b>			
Gross amounts before provisions	282.601	1.646.924	212.455
Rescheduled loans	282.601	1.646.924	212.455

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.**  
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**SECTION FIVE (Continued)**

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS**  
**(Continued)**

**I. Explanations and disclosures related to the assets (continued)**

**5. Explanation on loans (continued)**

**5.j Information on non-performing loans (net) (continued)**

**5.j.2 Information on total non-performing loans (net):**

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</b>
	Loans With Limited Collectability	Loans With Doubtful Collectability	Uncollectible Loans
<b>Current Period</b>			
<b>Prior period end balance</b>	<b>283.191</b>	<b>1.661.963</b>	<b>381.787</b>
Additions (+)	1.983.177	-	73
Transfers from other categories of non-performing loans (+)	-	-	15.038
Transfers to other categories of non-performing loans (-)	-	15.038	-
Collections (-)	29.005	196.631	61.121
Write-offs (-) (1)	-	-	84.611
Sold (-)	-	-	-
Corporate and Commercial Loans	-	-	-
Retail Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Exchange rate differences of non-performing loans	339	-	-
<b>Current period end balance</b>	<b>2.237.702</b>	<b>1.450.294</b>	<b>251.166</b>
Provision (-)	1.446.480	1.391.307	234.938
<b>Net Balances on Balance Sheet</b>	<b>791.222</b>	<b>58.987</b>	<b>16.228</b>

(1) As of December 31, 2023, when the calculation is made taking into account the loans deducted from the registration, the effect of the Bank on the non-performing loan ratio is calculated as 6 basis points.

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</b>
	Loans With Limited Collectability	Loans With Doubtful Collectability	Uncollectible Loans
<b>Prior Period</b>			
<b>Prior period end balance</b>	<b>335.382</b>	<b>1.264.859</b>	<b>476.433</b>
Additions (+)	21.338	2.046	559.469
Transfers from other categories of non-performing loans (+)	-	15.038	22
Transfers to other categories of non-performing loans (-)	15.038	22	-
Collections (-)	58.665	313	131.660
Write-offs (-)	-	-	557.916
Sold (-)	-	-	-
Corporate and Commercial Loans	-	-	-
Retail Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Exchange rate differences of non-performing loans	174	380.355	35.439
<b>Current period end balance</b>	<b>283.191</b>	<b>1.661.963</b>	<b>381.787</b>
Provision (-)	232.742	1.557.486	349.799
<b>Net Balances on Balance Sheet</b>	<b>50.449</b>	<b>104.477</b>	<b>31.988</b>

(1) As of March 31, 2022, 19.500.000.000 Class A shares, representing 55% of the capital of Türk Telekomünikasyon A.Ş., owned by LYY Telekomünikasyon A.Ş., were sold to the Turkey Wealth Fund, and at the end of the collection of the sale amount, the relevant loan was collected in proportion to the Bank's share. However, a depreciation provision has been set aside for the entire acquired asset. As of June 30, 2022, the risk related to LYY Telekomünikasyon A.Ş., which was allocated for all of them, was transferred to the follow-up accounts, and the said amount and special provisions transferred to the follow-up accounts were accountingly deleted from the assets (555.395 thousand TL). As of December 31, 2022, the Bank's impact on the Bank's non-performing loan ratio is calculated as 67 basis points when the calculation is made by taking into account the loans deducted.

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**SECTION FIVE (Continued)**

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS**  
**(Continued)**

**I. Explanations and disclosures related to the assets (continued)**

**5 Explanation on loans (continued)**

**5.j Information on non-performing loans (net)(continued)**

**5.j.3 Information on foreign currency non-performing loans and other receivables:**

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</b>
	Loans With Limited Collectability	Loans With Doubtful Collectability	Uncollectible Loans
<b>Current Period</b>			
Period End Balance	925	-	-
Provision (-)	925	-	-
<b>Net Balance on Balance Sheet</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Prior Period</b>			
Period End Balance	586	-	27.594
Provision (-)	586	-	27.594
<b>Net Balance on Balance Sheet</b>	<b>-</b>	<b>-</b>	<b>-</b>

**5.j.4 Information regarding gross and net amounts of non-performing loans with respect to user groups:**

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</b>
	Loans and Other Receivables With Limited Collectability	Loans and Other Receivables With Doubtful Collectability	Uncollectible Loans and Other Receivables
<b>Current Period (Net)</b>			
Loans to Real Persons and Legal Entities (Gross)	2.237.702	1.450.294	251.166
Provision Amount (-)	1.446.480	1.391.307	234.938
Loans to Real Persons and Legal Entities (Net)	791.222	58.987	16.228
Banks (Gross)	-	-	-
Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans (Gross)	-	-	-
Provision Amount (-)	-	-	-
Other Loans (Net)	-	-	-

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</b>
	Loans and Other Receivables With Limited Collectability	Loans and Other Receivables With Doubtful Collectability	Uncollectible Loans and Other Receivables
<b>Prior Period (Net)</b>			
Loans to Real Persons and Legal Entities (Gross)	283.191	1.661.963	381.787
Provision Amount (-)	232.742	1.557.486	349.799
Loans to Real Persons and Legal Entities (Net)	50.449	104.477	31.988
Banks (Gross)	-	-	-
Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans (Gross)	-	-	-
Provision Amount (-)	-	-	-
Other Loans (Net)	-	-	-

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**SECTION FIVE (Continued)**

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS**  
**(Continued)**

**I. Explanations and disclosures related to the assets (continued)**

**5. Explanation on loans (continued)**

**5.j Information on non-performing loans (net) (continued)**

**5.j.5 Information on interest accruals, rediscount, and valuation differences calculated for non-performing loans and their provisions:**

	<b>III.Group</b>	<b>IV.Group</b>	<b>V.Group</b>
	Loans with Limited Collectability	Loans with Doubtful Collectability	Uncollectible Loans
<b>Current Period (Net)</b>	-	-	-
Interest Accruals and Rediscount with Valuation Differences	339	-	-
Provision amount (-)	339	-	-
<b>Prior Period (Net)</b>	-	<b>23.634</b>	<b>18</b>
Interest Accruals and Rediscount with Valuation Differences	174	380.355	35.439
Provision amount (-)	174	356.721	35.421

**5.k Main principles of liquidating non-performing loans and receivables:**

In case of existence of the collateral elements stated in Article 13 of the Regulation on Identification of and Provision against Non-Performing Loans and Other Receivables to be set aside for these, these elements are liquidated as soon as possible as a result of both administrative and legal initiatives and liquidation of the receivables is ensured.

In the absence of collateral, the debtor is provided with an insolvency certificate, but in various periods, intense intelligence is made and the legal asset is applied to determine the acquired assets.

Legal procedures followed before and after; on the financial information of the company when the creditor deemed able to live in the investigation that will be made by the Bank and if it contributed to the economy in relation to firms that dominate considers that contributed to the production, efforts are made to the liquidation of receivables agreement.

**5.l Explanations about the write-off policies from the assets:**

Within the scope of the "Regulation Amending the Regulation on the Procedures and Principles Regarding the Classification of Loans and the Provisions for These" published in the Official Gazette dated November 27, 2019 and numbered 30961, loans classified as "Fifth Group-Uncollectible Loans", for which there is no reasonable expectation of recovery, can be excluded from the balance sheet. The deduction of the loans that cannot be collected from the records is an accounting application and does not result in the waiver of the right to receivable.

The Bank allocates expected loan loss provisions within the scope of TFRS 9 for the parts of the loans that are not expected to be collected, and the details are given in VIII. Explanations on impairment of financial assets and Calculation of expected credit losses are given under the headings. Amounts written off during the period are disclosed in the footnotes of the financial statements.

As of December 31, 2023, the amount of the Bank's written off loan is TL 84.611 (December 31, 2022: TL 557.916).

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**SECTION FIVE (Continued)**

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS**  
**(Continued)**

**I. Explanations and disclosures related to the assets (continued)**

**6. Information on financial assets measured at amortized cost**

**6.a The information was subjected to repurchase agreement and given as collateral/blocked amount of investments:**

**6.a The information was subjected to repurchase agreement and given as collateral/blocked amount of investments:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Collateralised/Blocked Investments	2.923.306	3.588.592	2.264.088	820.706
Subject to Repurchase Agreements	221.806	2.396.438	116.980	2.059.762
<b>Total</b>	<b>3.145.112</b>	<b>5.985.030</b>	<b>2.381.068</b>	<b>2.880.468</b>

**6.b Information on government debt measured at amortized cost:**

	Current Period	Prior Period
Government Bonds	18.894.112	12.825.981
Treasury Bills	-	-
Other Government Debt Securities	-	-
<b>Total</b>	<b>18.894.112</b>	<b>12.825.981</b>

**6.c Information on financial investments measured at amortized cost:**

	Current Period	Prior Period
<b>Debt Securities</b>		
Quoted on a Stock Exchange	8.392.539	6.195.613
Not Quoted	10.501.573	6.630.368
Impairment provision (-)	-	-
<b>Total</b>	<b>18.894.112</b>	<b>12.825.981</b>

**6.d Movement of financial assets at amortized costs within the year :**

	Current Period	Prior Period
<b>Balance at Beginning of the Period</b>	<b>12.825.981</b>	<b>3.955.703</b>
Foreign Currency Differences on Monetary Assets	3.861.667	983.655
Purchases During The Period	475.734	6.636.025
Disposals Through Sales And Redemptions	334.204	550.421
Impairment Loss	-	-
Interest Income Accruals	2.064.934	1.801.019
<b>Balance at End of Period</b>	<b>18.894.112</b>	<b>12.825.981</b>

Expected credit loss amounting to TL 13.462 is allocated in "Financial asset measured at amortized cost (December 31, 2022: TL 12.207).

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**SECTION FIVE (Continued)**

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS**  
**(Continued)**

**I. Explanations and disclosures related to the assets (continued)**

**7. Information on associates (net)**

**7.a Information on associates:**

	Title	Address (City/ Country)	Bank's share percentage-If different voting percentage (%)	Bank's risk group share percentage (%)
1	İş Faktoring A.Ş. (İş Faktoring)	İstanbul/Türkiye	21,75	100,00
2	İş Finansal Kiralama A.Ş. (İş Finansal)	İstanbul/Türkiye	29,46	58,19
3	İş Girişim Sermayesi Yatırım Ortaklığı A.Ş. (İş Girişim)	İstanbul/Türkiye	16,67	56,79
4	Terme Metal Sanayi ve Ticaret A.Ş. (Terme)	İstanbul/Türkiye	17,83	18,76
5	Ege Tarım Ürünleri Lisanslı Depoculuk A.Ş. (Ege Tarım)	İzmir/Türkiye	10,05	20,10

		Total Assets	Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit/ Loss	Prior Period Profit/ Loss	Fair Value
1	İş Faktoring	24.005.377	3.083.927	26.239	5.180.595	-	1.159.924	445.386	-
2	İş Finansal (2)	51.557.546	6.769.900	62.599	3.000.732	-	1.767.060	826.766	2.759.130
3	İş Girişim(2)	2.242.201	2.234.936	3.447	21.187	-	1.227.673	732.001	308.775
4	Terme (1)	7.697	4.826	1.534	-	-	(9)	(244)	-
5	Ege Tarım	76.514	35.320	46.036	994	-	14.218	2.134	-

(1) The information is obtained from financial statements as of September, 2023. The information of prior year profit/loss is obtained from 30 September 2022 financial statements.

(2) Fair value is calculated over the year-end stock market value.

**7.b Movements of associates subject to unconsolidation (2):**

	Current Period	Prior Period
<b>Balance at the Beginning of the Period</b>	<b>1.491.613</b>	<b>775.763</b>
Movements During the Period	1.330.671	715.850
Purchases	-	-
Bonus Shares Obtained	-	-
Current Year Share of Profit	-	-
Sales	-	-
Revaluation Increase / decrease (1)	1.330.671	715.850
Provision for Impairment (-)	-	-
<b>Balance at the End of the Period</b>	<b>2.822.284</b>	<b>1.491.613</b>
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	-	-

(1) Includes accounting differences with the equity method.

(2) Non-financial investments in associates amounting to TL 3.550 are not included in the table (December 31, 2022 : TL 2.137)

**Information on associates sold in the current period**

In the current period the Bank has not disposed any associates.

**Information on associates purchased in the current period**

In current period the Bank has not purchased any associates

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**SECTION FIVE (Continued)**

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS**  
**(Continued)**

**I. Explanations and disclosures related to the assets (continued)**

**7. Information on associates (net) (continued)**

**7.c Sectoral information of associates subject to unconsolidation and the related carrying amounts in the legal books:**

	Current Period	Prior Period
Banks	-	-
Insurance Companies	-	-
Factoring Companies	672.276	311.134
Leasing Companies	1.796.189	1.012.259
Financial Service Companies	-	-
Other Financial Associates	353.819	168.220

**7.d Information on associates subject to consolidation quoted on stock market:**

	Current Period	Prior Period
Associates quoted on domestic stock exchanges	2.150.008	1.180.479
Associates quoted on foreign stock exchanges	-	-

**8. Information on subsidiaries (net)**

**8.a Information related to equity component of subsidiaries:**

Current Period (1)	YF	TSKB GYO
<b>CORE CAPITAL</b>		
Paid-in Capital	63.500	650.000
Share Premium	-	1.136
Legal Reserves	13.001	8.862
Other Comprehensive Income according to TAS	31.289	-
Current and Prior Years' Profit/Loss	529.957	2.684.982
Leasehold Improvements (-)	3.459	-
Intangible Assets (-)	1.738	80
<b>Total Core Capital</b>	<b>632.550</b>	<b>3.344.900</b>
<b>Supplementary Capital</b>	-	-
<b>Capital</b>	-	-
<b>NET AVAILABLE CAPITAL</b>	<b>632.550</b>	<b>3.344.900</b>

(1) The information is obtained from financial statements subject to consolidation as of December 31, 2023.



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**SECTION FIVE (Continued)**

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS**  
**(Continued)**

**I. Explanations and disclosures related to the assets (continued)**

**8. Information on subsidiaries (net) (continued)**

**8.a Information related to equity component of subsidiaries (continued):**

Prior Period (1)	YF	TSKB GYO
<b>CORE CAPITAL</b>		
Paid-in Capital	63.500	650.000
Share Premium	-	1.136
Legal Reserves	11.359	8.937
Other Comprehensive Income/Loss according to TAS	23.175	-
Current and Prior Years' Profit	249.255	1.149.455
Leasehold Improvements (-)	1.661	-
Intangible Assets (-)	363	34
<b>Total Core Capital</b>	<b>345.265</b>	<b>1.809.494</b>
<b>Supplementary Capital</b>	<b>-</b>	<b>-</b>
<b>Capital</b>	<b>-</b>	<b>-</b>
<b>NET AVAILABLE CAPITAL</b>	<b>345.265</b>	<b>1.809.494</b>

(1) The information is obtained from financial statements subject to consolidation as of December 31, 2022.

Paid-in capital has been indicated as Turkish Lira in articles of incorporation and registered in trade registry. The effect of inflation adjustments on paid-in capital is the difference caused by the inflation adjustment on shareholders' equity items. Extraordinary reserves are the status reserves which have been transferred with the General Assembly decision after distributable profit have been transferred to legal reserves. Legal reserves are the status reserves which have been transferred from distributable profit in accordance with the Article 519 of the Turkish Commercial Code numbered 6102. The Bank's internal capital adequacy assessment process is made annually on a consolidated basis. Consolidated associates and subsidiaries are included in the operation.

**8.b As per Communiqué on Preparation of Consolidated Financial Statements of Banks and Turkish Accounting Standards unconsolidated subsidiaries and reason of consolidating and needed capital if they are subject to capital requirement:**

TSKB Gayrimenkul Değerleme A.Ş. and TSKB Sürdürülebilirlik Danışmanlığı A.Ş. are valued at cost and are not consolidated since they are not financial subsidiaries. Unconsolidated subsidiaries of the Bank are not subject to minimum capital requirement.

**8.c Information on subsidiaries:**

	Title	Address (City/ Country)	Bank's share percentage-If different voting percentage (%)	Bank's risk group share percentage (%)
1	TSKB Gayrimenkul Değerleme A.Ş. (TSKB GMD)	İstanbul /Türkiye	99,99	99,99
2	Yatırım Finansman Menkul Değerler A.Ş. (YF)	İstanbul /Türkiye	95,78	98,51
3	TSKB Gayrimenkul Yatırım Ortaklığı A.Ş. (TSKB GYO)	İstanbul/Türkiye	88,74	88,74
4	TSKB Sürdürülebilirlik Danışmanlığı A.Ş. (TSKB SD)	İstanbul/Türkiye	100,00	100,00

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**SECTION FIVE (Continued)**

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS**  
**(Continued)**

**I. Explanations and disclosures related to the assets (continued)**

**8. Information on subsidiaries (net) (continued)**

**8.c Information on subsidiaries(continued):**

		Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities	Current Period Profit/Loss	Prior Period Profit/Loss	Fair Value
1	TSKB GMD	115.600	87.124	22.912	10.492	-	27.564	17.551	-
2	YF (1)	5.598.442	637.290	74.785	774.776	103.674	282.714	115.122	-
3	TSKB GYO (1)(2)	3.366.099	3.344.980	3.271.714	15.316	-	1.535.587	1.069.466	3.164.996
4	TSKB SD	17.222	13.893	1.588	3.025	-	3.366	3.428	-

(1)The financial data related to the consolidated subsidiaries are prepared in accordance with the regulations of the BRSA. The Parent Bank is making arrangements regarding the principles of consolidation.

(2) Fair value has been calculated on the basis of the stock market value as of December 31, 2023.

**8.d Movement schedule for subsidiaries subject to consolidation (2):**

	Current Period	Prior Period
<b>Balance at the beginning of the period</b>	<b>1.937.664</b>	<b>881.621</b>
Movements in the period	1.637.804	1.056.043
Purchases (3)	-	-
Bonus shares obtained	-	-
Current year share of profit	-	-
Sales	-	-
Revaluation increase / decrease(1)	1.637.804	1.056.043
Provision for impairment	-	-
<b>Balance at the end of the period</b>	<b>3.575.468</b>	<b>1.937.664</b>
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

(1)Includes accounting differences with the equity method.

(2) Non-financial subsidiaries amounting to TL 101.016 are not included in the table ( December 31, 2022: TL 51.970).

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**SECTION FIVE (Continued)**

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS**  
**(Continued)**

**I. Explanations and disclosures related to the assets (continued)**

**8. Information on subsidiaries (net) (continued)**

**8.d Movement schedule for subsidiaries (continued)**

*Subsidiaries disposed in the current period*

In the current period, the Bank has not disposed any subsidiaries.

*Subsidiaries purchased in the current period*

In the current period, the Bank has not purchased any subsidiaries

**8.e Sectoral information on subsidiaries subject to consolidation and the related carrying amounts in the legal books:**

Subsidiaries	Current Period	Prior Period
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Financial Service Companies	-	-
Other Financial Subsidiaries	3.575.468	1.937.664

**8.f Subsidiaries subject to consolidation quoted on stock market:**

	Current Period	Prior Period
Subsidiaries quoted on domestic stock exchanges	2.968.335	1.605.723
Subsidiaries quoted on foreign stock exchanges	-	-

**9. Information on entities under common control**

The Bank has no entities under common control as of the reporting date (December 31, 2022: None).

**10. Information on lease receivables (net)**

**10.a Maturities of investments on leases:**

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	73.222	62.626	75.501	68.056
Between 1- 4 years	136.146	95.832	129.193	108.587
More than 4 years	448.289	293.912	263.900	203.588
<b>Total</b>	<b>657.657</b>	<b>452.370</b>	<b>468.594</b>	<b>380.231</b>

Expected credit loss amounting to TL 72.631 (December 31, 2022: TL 97.153) is allocated in "Lease Receivables".

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**SECTION FIVE (Continued)**

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**I. Explanations and disclosures related to the assets (continued)**

**10. Information on lease receivables (net) (continued)**

**10.b The information on net investments in finance leases:**

	Current Period	Prior Period
Gross investments in leases	657.657	468.594
Unearned revenue from leases (-)	205.287	88.363
Cancelled leases (-)	-	-
Net investments in leases	452.370	380.231

**10.c Explanation with respect to finance lease agreements, the criteria used in determination of contingent rents, conditions for revisions or purchase options, updates of leasing amounts and the restrictions imposed by lease arrangements, whether arrays in repayment occur, whether the terms of the contract are renewed, if renewed, the renewal conditions, whether the renewal results any restrictions, and other important conditions of the leasing agreement:**

Finance lease agreements are made in accordance with the related articles of Financial Leasing, Factoring and Financing Company Law No 6361. There are no restructuring or restrictions; which have material effect on financial statements.

**11. Explanation on derivative financial assets held for hedging purposes**

**11.a Positive differences on derivative financial instruments held for hedging purposes:**

There is a positive differences amounting to TL 310.639 related to derivative financial assets for hedging purposes (December 31, 2022: TL 387.926 positive differences).

As of December 31, 2023, the net fair value of derivative financial instruments designated as hedging instruments carried in the contract amount and the balance sheet are summarized in the following table:

	Current Period			Prior Period		
	Face Value	Asset	Liability	Face Value	Asset	Liability
Interest Rate Swaps	12.304.847	94.859	130.762	15.582.944	-	134.010
FC	12.304.847	94.859	130.762	15.582.944	-	134.010
TL	-	-	-	-	-	-
Money Swaps	26.483.208	215.780	39.214	10.914.093	387.926	-
FC	26.483.208	215.780	39.214	10.914.093	387.926	-
TL	-	-	-	-	-	-

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**SECTION FIVE (Continued)**

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**I. Explanations and disclosures related to the assets (continued)**

**11. Explanation on derivative financial assets held for hedging purposes (continued)**

**11.a.1 Information on fair value hedge accounting**

Current Period						
Hedging Item	Hedged Item	Type of Risk	Fair Value Change of Hedged Item(1)	Fair Value of Hedging Instrument(1)		Income Statement Effect (Profit/Loss Through Derivative Financial Instruments)
				Assets	Liabilities	
Interest Rate Swap Transactions	Fixed Rate Issued Eurobond and Greenbond	Interest Rate Risk	(112.672)	-	77.745	(34.927)
Interest Rate Swap Transactions	Fixed Rate Loans Used	Interest Rate Risk	107.833	-	(115.332)	(7.499)
Cross Money Swap Transactions	Fixed Rate Issued Eurobond	Interest Rate Risk	(103.960)	152.334	-	48.374

(1) The fair value of hedged item and hedging instrument are presented as net market value excluding credit risk and accumulated interest.

Prior Period						
Hedging Item	Hedged Item	Type of Risk	Fair Value Change of Hedged Item(1)	Fair Value of Hedging Instrument(1)		Income Statement Effect (Profit/Loss Through Derivative Financial Instruments)
				Assets	Liabilities	
Interest Rate Swap Transactions	Fixed Rate Issued Eurobond and Greenbond	Interest Rate Risk	8.201	-	(3.496)	4.705
Interest Rate Swap Transactions	Fixed Rate Loans Used	Interest Rate Risk	93.402	-	(94.182)	(780)
Cross Money Swap Transactions	Fixed Rate Issued Eurobond	Interest Rate Risk	(76.245)	80.846	-	4.601

(1) The fair value of hedged item and hedging instrument are presented as net market value excluding credit risk and accumulated interest.

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**SECTION FIVE (Continued)**

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS  
(Continued)**

**I. Explanations and disclosures related to the assets (continued)**

**12. Explanations on tangible assets**

The property is located within the Bank's tangible assets are accounted for by the scope of TAS 16 valuation. For the year 2023, appraisal companies authorized by the CMB and BRSA have been appraised, and the value increases based on the appraisal results have been accounted for in the relevant accounts.

Current Period	Prior Period End	Current Period Additions	Current Period Disposals	Revaluation Surplus	Current Period End
Cost					
Land and buildings	172.791	-	-	131.780	304.571
Assets held under finance leases	-	4.446	-	-	4.446
Vehicles	6.839	2.802	(90)	-	9.551
Right to use Securities-Real Estate	53.737	136.576	-	-	190.313
Assets held for resale	-	-	-	-	-
Other	47.350	14.322	(1.100)	-	60.572
<b>Total Cost</b>	<b>280.717</b>	<b>158.146</b>	<b>(1.190)</b>	<b>131.780</b>	<b>569.453</b>
Accumulated depreciation					
Land and buildings	(1.906)	(655)	-	-	(2.561)
Assets held under finance leases	-	(278)	-	-	(278)
Right to use Securities-Real Estate	(1.271)	(1.409)	90	-	(2.590)
Vehicles	(51.671)	(27.724)	-	-	(79.395)
Assets held for resale	-	-	-	-	-
Other	(29.164)	(6.335)	1.007	-	(34.492)
<b>Total accumulated depreciation</b>	<b>(84.012)</b>	<b>(36.401)</b>	<b>1.097</b>	<b>-</b>	<b>(119.316)</b>
Impairment provision					
Land and buildings	-	-	-	-	-
Assets held under finance leases	-	-	-	-	-
Right to use Securities-Real Estate	-	-	-	-	-
Vehicles	-	-	-	-	-
Assets held for resale	-	-	-	-	-
Other	-	-	-	-	-
<b>Total impairment provision</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Book Value</b>	<b>196.705</b>	<b>121.745</b>	<b>(93)</b>	<b>131.780</b>	<b>450.137</b>

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**SECTION FIVE (Continued)**

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS**  
**(Continued)**

**I. Explanations and disclosures related to the assets (continued)**

**12. Explanations on tangible assets (continued)**

Prior Period	Prior Period End	Current Period Additions	Current Period Disposals	Revaluation Surplus	Current Period End
Cost					
Land and buildings	73.446	-	-	99.345	172.791
Assets held under finance leases	-	-	-	-	-
Vehicles	1.543	5.296	-	-	6.839
Right to use Securities-Real Estate	47.605	6.132	-	-	53.737
Assets held for resale	-	-	-	-	-
Other	36.334	11.297	(281)	-	47.350
<b>Total Cost</b>	<b>158.928</b>	<b>22.725</b>	<b>(281)</b>	<b>99.345</b>	<b>280.717</b>
Accumulated depreciation					
Land and buildings	(1.025)	(881)	-	-	(1.906)
Assets held under finance leases	-	-	-	-	-
Vehicles	(686)	(585)	-	-	(1.271)
Right to use Securities-Real Estate	(35.392)	(16.279)	-	-	(51.671)
Assets held for resale	-	-	-	-	-
Other	(24.794)	(4.588)	218	-	(29.164)
<b>Total accumulated depreciation</b>	<b>(61.897)</b>	<b>(22.333)</b>	<b>218</b>	<b>-</b>	<b>(84.012)</b>
Impairment provision					
Land and buildings	-	-	-	-	-
Assets held under finance leases	-	-	-	-	-
Vehicles	-	-	-	-	-
Right to use Securities-Real Estate	-	-	-	-	-
Assets held for resale	-	-	-	-	-
Other	-	-	-	-	-
<b>Total impairment provision</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net book value</b>	<b>97.031</b>	<b>392</b>	<b>(63)</b>	<b>99.345</b>	<b>196.705</b>

**13. Explanations on tangible assets**

**13.a Useful life or amortization rates used:**

Tangible assets, purchased before 1 January 2005, are accounted for at their restated costs as of December 31, 2004 and the assets purchased in the following periods are accounted for at acquisition cost less accumulated depreciation and reserve for impairment. Rental or administrative purposes or other unspecified purposes of assets that under construction will be amortised when they are ready to use.

**13.b Amortization methods used:**

The intangible assets are amortized principally on straight line basis which amortize the assets over their expected useful lives.

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**SECTION FIVE (Continued)**

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**I. Explanations and disclosures related to the assets (continued)**

**13. Explanations on intangible assets (continued)**

**13.c Cost and accumulated amortization at the beginning and end of the period:**

Current Period	Beginning of Current Period		End of Current Period	
	Gross Book Value	Accumulated Amortization	Gross Book Value	Accumulated Amortization
Software	13.370	(10.494)	18.995	(13.700)

Prior Period	Beginning of Prior Period		End of Prior Period	
	Gross Book Value	Accumulated Amortization	Gross Book Value	Accumulated Amortization
Software	11.646	(8.745)	13.370	(10.494)

**13.d Movement of cost and accumulated amortization for the period:**

Current Period	Closing Balance of Prior Period	Current Year Additions	Current Year Disposals	Closing Balance of Current Period
Cost:				
Software	13.370	5.625	-	18.995
<b>Total Cost</b>	<b>13.370</b>	<b>5.625</b>	<b>-</b>	<b>18.995</b>
Accumulated amortization:				
Software	(10.494)	(3.206)	-	(13.700)
<b>Total Accumulated Amortization</b>	<b>(10.494)</b>	<b>(3.206)</b>	<b>-</b>	<b>(13.700)</b>
Impairment provision:				
Software	-	-	-	-
<b>Total Impairment provision</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Book Value</b>	<b>2.876</b>	<b>2.419</b>	<b>-</b>	<b>5.295</b>

Prior Period	Closing Balance of Prior Period	Current Year Additions	Current Year Disposals	Closing Balance of Current Period
Cost:				
Software	11.646	1.732	(8)	13.370
<b>Total Cost</b>	<b>11.646</b>	<b>1.732</b>	<b>(8)</b>	<b>13.370</b>
Accumulated amortization:				
Software	(8.745)	(1.757)	8	(10.494)
<b>Total Accumulated Amortization</b>	<b>(8.745)</b>	<b>(1.757)</b>	<b>8</b>	<b>(10.494)</b>
Impairment provision:				
Software	-	-	-	-
<b>Total Impairment provision</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Book Value</b>	<b>2.901</b>	<b>(25)</b>	<b>-</b>	<b>2.876</b>

**13.e The net book value, description and the remaining amortization period of any material individual intangible asset in the financial statements:**

As at the reporting date, the Bank has no individual intangible asset which is material in the financial statements as a whole (December 31, 2022: None).



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**SECTION FIVE (Continued)**

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS  
(Continued)**

**I. Explanations and disclosures related to the assets (continued)**

**13. Explanations on intangible assets (continued)**

**13.f Disclosure for intangible assets acquired through government grants and accounted for at fair value at initial recognition:**

As at the reporting date, the Bank has no intangible assets acquired through government grants (December 31, 2022: None).

**13.g The method of subsequent measurement for intangible assets that are acquired through government incentives and recorded at fair value at the initial recognition:**

As at the reporting date, the Bank has no intangible assets acquired with government incentives (December 31, 2022: None).

**13.h The book value of intangible assets that are pledged or restricted for use:**

As at the reporting date, there are no intangible assets with restricted use or pledged (December 31, 2022: None).

**13.i Amount of purchase commitments for intangible assets:**

As at the reporting date, the Bank has no purchase commitments for intangible assets (December 31, 2022: None).

**13.j Information on revalued intangible assets according to their types:**

The Bank did not revalue its intangible assets as at the reporting date (December 31, 2022: None).

**13.k Amount of total research and development expenses recorded in income statement within the period, if any:**

The Bank has no research and development costs expensed in the current period (December 31, 2022: None).

**13.l Information on goodwill:**

As at the reporting date, the Bank has no goodwill (December 31, 2022: None).

**13.m The carrying value of goodwill at beginning and end of the period, and movements within the period:**

As at the reporting date, the Bank has no goodwill in the accompanying financial statements (December 31, 2022: None).

**13.n The carrying value of negative goodwill at beginning and end of the period, and movements within the period:**

As at the reporting date, the Bank has no negative goodwill in the accompanying financial statements (December 31, 2022: None).

**14. Information on investment property**

The Bank has no investment property (December 31, 2022: None).

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**SECTION FIVE (Continued)**

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS**  
**(Continued)**

**I. Explanations and disclosures related to the assets (continued)**

**15. Information on deferred tax assets**

**15.a Temporary differences, tax losses, exemptions and deductions reflected to balance sheet as deferred tax asset:**

The Bank has computed deferred tax asset or liability on temporary differences arising from carrying values of assets and liabilities in the accompanying financial statements and their tax bases.

<b>Deferred tax asset:</b>	<b>Current Period</b>	<b>Prior Period</b>
Loan commissions accrual adjustment	67.478	20.768
Other provisions	1.581.182	851.929
Employee benefit provision	10.537	7.762
Marketable securities	142.402	178.422
Tangible fixed assets economic life differences	8.118	-
Other	29.158	18.194
<b>Total Deferred Tax Asset</b>	<b>1.838.875</b>	<b>1.077.075</b>
<b>Deferred tax liability:</b>		
Valuation of derivative instruments	(235.992)	(322.260)
Funds borrowed commissions accrual adjustment	(74.847)	-
Useful life difference of fixed assets	-	(1.000)
Other (1)	(81.037)	(43.794)
<b>Total Deferred Tax Liability</b>	<b>(391.876)</b>	<b>(367.054)</b>
<b>Net Deferred Tax Asset</b>	<b>1.446.999</b>	<b>710.021</b>

(1)The other item, there is also a deferred liability related to hedge accounting amounting to TL 33.350 (December 31, 2022: TL 23.350)

	<b>Current Period</b>	<b>Prior Period</b>
Deferred Tax as of January 1 Asset / (Liability) - Net	710.021	394.121
Deferred Tax (Loss) / Gain	687.797	426.056
Deferred Tax that is Realized Under Shareholder's Equity (1)	49.181	(110.156)
<b>Deferred Tax Asset / (Liability) Net</b>	<b>1.446.999</b>	<b>710.021</b>

**15.b Temporary differences over which deferred tax asset are not computed and recorded in the balance sheet in prior periods, if so, their expiry date, losses and tax deductions and exceptions:**

The Bank has no deductible temporary differences that are not included in calculation of deferred tax asset and not reflected to financial statements in prior periods. (December 31, 2022: None)

**15.c Allowance for deferred tax and deferred tax assets from reversal of allowance:**

As of the reporting date, the Bank has no allowance for deferred tax and deferred tax liability from reversal of allowance (December 31, 2022: None).

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**SECTION FIVE (Continued)**

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS**  
**(Continued)**

**I. Explanations and disclosures related to the assets (continued)**

**16. Explanation on assets held for sale**

	<b>Current Period</b>	<b>Prior Period</b>
<b>Net book Value at beginning of the period</b>	-	64.403
Cash Paid for Purchase	-	-
Expected Loss (-)	-	64.403
<b>Net book Value at the end of the period</b>	-	-

The Parent Bank have reached an agreement on restructuring the debts of Ojer Telekomünikasyon A.Ş. (OTAS), the major shareholder of Türk Telekomünikasyon A.Ş. (Türk Telekom) provided under the loan agreements. It was completed that 192.500.000.000 Class A shares owned by OTAS in Türk Telekom, representing 55% of Türk Telekom's issued share capital, which have been pledged as security for the existing loan facilities of OTAS, would be taken over by a special purpose vehicle incorporated or to be incorporated in the Republic of Turkey, owned directly or indirectly by the creditors. The Parent Bank has participated in LYY Telekomünikasyon A.Ş. which was established within this context with 1,6172% stake and amounting to TL 64.403. With the restructuring on 17 August 2022, the Bank's participation rate increased to 1,8403% and no fee was paid by the Bank for the increase. The Parent Bank considered the related investment within the scope of TFRS 5 "Assets Held for Sale and Discontinued Operations".

As of March 31, 2022, LYY Telekomünikasyon A.Ş. owned by Türk Telekomünikasyon A.Ş. 192.500.000.000 A group registered shares representing 55% of its capital were sold to the Turkey Wealth Fund, and as a result of the collection made from the sales amount, a collection was made from the related loan in proportion to the Bank's share. However, as of the current period, a provision for impairment has been set aside for the entire acquired asset. The liquidation decision of LYY Telekomünikasyon A.Ş. was taken at the General Assembly Meeting dated 27.12.2022 and the liquidation of the company was registered by the Istanbul Registry of Commerce on 28.12.2022. In this context, the amount of the partnership share, all of which was allocated in its provisions for the previous years and follow-up accounts under the "Fixed Assets Related to Held and Discontinued Activities for Sale Purposes", have been written off from the asset in accounting terms.

**17. Information about other assets**

**17.a Other assets which exceed 10% of the balance sheet total and breakdown of these which constitute at least 20% of grand total:**

Other assets do not exceed 10% of total assets, excluding off-balance sheet commitments (December 31, 2022: None).

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.**  
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**SECTION FIVE (Continued)**

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS**  
**(Continued)**

**II. Explanations and disclosures related to the liabilities**

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

**1.a Maturity structure of deposits:**

The Bank is not authorized to accept deposits.

**1.b Information on saving deposits under the guarantee of saving deposit insurance fund and exceeding the limit of deposit insurance fund:**

The Bank is not authorized to accept deposits.

**1.c Information on the scope whether the Bank with a foreign head office suits saving deposit insurance of the related country:**

The Bank is not authorized to accept deposits.

**1.d Saving deposits which are not under the guarantee of deposit insurance fund:**

The Bank is not authorized to accept deposits.

**2. Negative differences table related to derivative financial liabilities**

Derivative Financial Liabilities (1)	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	11.755	642	117	503
Swap Transactions	21.132	944.653	169.879	827.834
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>32.887</b>	<b>945.295</b>	<b>169.996</b>	<b>828.337</b>

(1) Derivative financial liabilities for hedging purposes amounting to TL 169.976 (December 31, 2022: TL 134.010), were presented at "Derivative Financial Liabilities".

**3. Information on banks and other financial institutions**

**3.a General Information on banks and other financial institutions:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Loans from Central Bank of Turkey	-	-	-	-
From Domestic Banks and Institutions	175.418	-	-	552.003
From Foreign Banks, Institutions and Funds	-	106.675.692	-	70.262.082
<b>Total</b>	<b>175.418</b>	<b>106.675.692</b>	<b>-</b>	<b>70.814.085</b>

**3.b Maturity analysis of funds borrowed:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	175.418	601.435	-	251.625
Medium and long-term	-	106.074.257	-	70.562.460
<b>Total</b>	<b>175.418</b>	<b>106.675.692</b>	<b>-</b>	<b>70.814.085</b>

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**SECTION FIVE (Continued)**

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS**  
**(Continued)**

**II. Explanations and disclosures related to the liabilities (continued)**

**3. Information on banks and other financial institutions (continued)**

**3.c Information on marketable securities issued**

	Current Period		Prior Period	
	TL	FC	TL	FC
Nominal	-	31.248.930	-	20.467.150
Cost	-	31.086.300	-	20.362.637
Book Value	-	32.227.091	-	21.047.752

As of January 23, 2020, the Bank issued Eurobond with the nominal amount of full USD 400 Million. The interest rate of these debt instruments is determined as 6% which has the redemption date of 23 January 2025 with fixed interest rate, 5 years maturity and semiannual coupon payment.

As of January 14, 2021, the Bank issued Eurobond with the nominal amount of full USD 350 Million. Interest rate of these debt instruments determined as 5,875% which have the redemption date of 14 January 2026 with fixed interest rate, 5 years maturity and semiannual coupon payment.

As of September 19, 2023, the bank has issued Eurobonds in the amount of USD 300 million. The interest rate of the fixed-rate debt instrument with redemption date of October 19, 2028, with a maturity of 5 years + 1 month and a coupon payment every 6 months, has been set at 9.375%.

As of November 28, 2023, the Bank has issued Eurobonds in the amount of USD 14.5 million. The interest rate of the fixed-rate, 3-month maturity debt instrument with redemption date of March 1, 2024 has been set at 7.75%.

**3.d Additional information about the concentrated areas of liabilities:**

Under normal banking operations, the Bank provided funds under repurchase agreements and funds borrowed. Fund resources of the Bank particularly consist of foreign FC funds borrowed and FC and TL repurchase transactions. Information relating to funds provided under repurchase agreements is shown in the table below:

Funds From Repurchase Agreements Transactions (1)	Current Period		Prior Period	
	TL	FC	TL	FC
From Domestic Transactions	256.134	1.615.740	186.296	1.005.076
Financial institutions and organizations	1.428	-	348	-
Other institutions and organizations	254.516	1.615.740	185.742	1.004.763
Real persons	190	-	206	313
From Foreign Transactions	3	609.182	11	251.483
Financial institutions and organizations	-	609.182	-	251.483
Other institutions and organizations	3	-	3	-
Real persons	-	-	8	-
<b>Total</b>	<b>256.137</b>	<b>2.224.922</b>	<b>186.307</b>	<b>1.256.559</b>

(1) The details of Interbank Money Markets Debts are not included in this table. No Debts to Interbank Money Markets during the period 31 December 2023 (December 31, 2022: None).

**4. Other liabilities which exceed 10% of the balance sheet total and the breakdown of these which constitute at least 20% of grand total**

There are no other liabilities, which exceed 10% of the balance sheet total (December 31, 2022: None).

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**SECTION FIVE (Continued)**

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS**  
**(Continued)**

**II. Explanations and disclosures related to the liabilities (continued)**

**5. Informations on financial lease obligations (net)**

**5.a Explanations on finance lease payables:**

As of the balance sheet date, 101 computers are the subject of financial leasing transactions. In the current period, the Bank has TL 4.128 liabilities related to financial leasing transactions (31 December 2022: None).

**5.b Explanations regarding operational leases:**

As of the reporting date, the Bank's 2 head office buildings, 1 branch, 9 cars, 388 phones and 298 computers are subject to operational leasing. The Bank has no liability for operational leases in the current period (December 31, 2022: 2 head office buildings, 1 branch, 9 cars and 383 computers under operational leasing). In the current period, the Bank has lease liability with TFRS 16 amounting to TL 123.168 related to operational lease transactions (December 31, 2022 : TL 2.245).

**5.c Explanations on the lessor and lessee in sales and lease back transactions, agreement conditions, and major agreement terms:**

The Bank has no sale and lease back transactions as of the reporting date (December 31, 2022: None)

**6. Negative differences on derivative financial instruments held for hedging purposes:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Fair Value Hedge (1)	-	169.976	-	134.010
Cash Flow Hedge	-	-	-	-
Net Investment Hedge in a foreign operation	-	-	-	-
<b>Total</b>	-	<b>169.976</b>	-	<b>134.010</b>

(1) Derivative financial liabilities for hedging purposes were presented at "Derivative Financial Liabilities" line.

**7. Explanations on provisions**

**7.a Foreign exchange losses on the foreign currency indexed loans and finance lease receivables:**

The Bank has no foreign exchange losses on the foreign currency-indexed loans. (December 31, 2022: None).

**7.b Third-stage expected loss provisions on non-compensated and non-cash loans or expected losses on non-cash loans:**

As of the reporting date, the Bank's third-stage expected loss provisions provided for unindemnified non cash loans amounts to TL 84.696 (December 31, 2022: TL 1.892). The Bank has an expected loss provision amounting to TL 112.766 for non-cash loans (December 31, 2022: TL 47.957).

**7.c Information on other provisions:**

**7.c.1 Free provision for possible risks:**

Free provision amounting to TL 1.750.000 provided by the Bank management in the current period for possible results of the circumstances which may arise from possible changes in the economy and market conditions (December 31, 2022: TL 900.000).

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**SECTION FIVE (Continued)**

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS**  
**(Continued)**

**II. Explanations and disclosures related to the liabilities (continued)**

**7. Explanations on provisions**

**7.c Information on other provision:**

**7.c.2 Information on employee termination benefits and unused vacation accrual**

The Bank has calculated reserve for employee termination benefits by using actuarial valuations as set out in the Turkish Accounting Standard No: 19 and reflected the calculated amount to the financial statements.

As of December 31, 2023, employee termination benefits is amounting TL 17.854 reflected in financial statements (December 31, 2022: TL 24.562). As of December 31, 2023, the Bank has provided a reserve for unused vacation amounting to TL 17.269 (December 31, 2022: TL 6.489). This balance is classified under reserve for employee benefits in the financial statements.

Actuarial gain amount of TL 4.985 are consisted after January 1, 2023, are recognised under equity in accordance with revised TAS 19 standard (December 31, 2022: TL 5.919 actuarial gain).

***Liabilities on pension rights***

As explained on the Section Three, Accounting Policies, XV. Explanations on Liabilities Regarding Employee Benefits as of December 31, 2023, the Bank has no obligations on pension rights (December 31, 2022: None).

***Liabilities for pension funds established in accordance with Social Security Institution***

None (December 31, 2022: None).

***Liabilities resulting from all kinds of pension funds, foundations etc. which provide post-retirement benefits for the employees***

The Bank's present value of the liabilities of TSKB A.Ş. Memur ve Müstahdemleri Yardım ve Emekli Vakfı fund, subject to the transfer to the Social Security Institution of the Pension Fund as of December 31, 2023 has been calculated by an independent actuary in accordance with the actuarial assumptions in the Law and as per actuarial report dated 15 January 2023, there is no need for technical or actual deficit to book provision as of December 31, 2023.

Accordingly, as of December, 31 2023 the Bank has no requirements for the benefits transferable to the fund and for other benefits not transferable to the fund and arising from other social rights and payments covered by the existing trust indenture of the Fund and medical benefits provided for employees in accordance to the law explained in Section 3 Note XVI, the accounting policies related with employee benefits.

**7.c.3 Explanations on litigation**

As of December 31, 2023, litigationis amounting TL 70.000 reflected in financial statements (December 31, 2022: 61.930).

**7.c.4 If other provisions exceed 10% of total provisions, the name and amount of sub-accounts:**

Not available (December 31, 2022: Not available.).

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**SECTION FIVE (Continued)**

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS**  
**(Continued)**

**II. Explanations and disclosures related to the liabilities (continued)**

**8. Explanations on taxes payable**

**8.a Explanations on current taxes payable:**

**8.a.1 Explanations on taxes payable:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Corporate Taxes and Deferred Taxes				
Corporate Tax Payable	839.776	-	520.578	-
Deferred Tax Liability	-	-	-	-
<b>Total</b>	<b>839.776</b>	<b>-</b>	<b>520.578</b>	<b>-</b>

**8.a.2 Information on taxes payable:**

	Current Period	Prior Period
Corporate Taxes Payable	839.776	520.578
Taxation of Securities	2.335	2.161
Property Tax	-	-
Banking and Insurance Transaction Tax (BITT)	33.754	19.328
Foreign Exchange Transaction Tax	-	-
Value Added Tax Payable	3.366	2.161
Other	14.563	7.291
<b>Total</b>	<b>893.794</b>	<b>551.519</b>

**8.a.3 Information on premiums:**

	Current Period	Prior Period
Social Security Premiums-Employee	-	-
Social Security Premiums-Employer	-	-
Bank Social Aid Pension Fund Premium-EdavamEmployee	-	-
Bank Social Aid Pension Fund Premium-Employer	-	-
Pension Fund Membership Fees and Provisions-Employee	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Unemployment insurance-Employee	314	131
Unemployment insurance-Employer	627	260
Other	-	-
<b>Total</b>	<b>941</b>	<b>391</b>

**8.b Information on deferred taxes liabilities:**

As at the reporting date, the Bank has no deferred tax liability (December 31, 2022: None).

**9. Explanations on liabilities regarding assets held for sale**

None (December 31, 2022: None).



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**SECTION FIVE (Continued)**

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS**  
**(Continued)**

**II. Explanations and disclosures related to the liabilities (continued)**

**10. Explanations on the number of subordinated loans the Bank used, maturity, interest rate, institution that the loan was borrowed from, and conversion option, if any:**

As of March 30, 2022, the Bank has provided a sustainable subordinated loan with a nominal amount of USD 200 million and a redemption date of March 31, 2027, with a coupon payment every 6 month.

The Bank decided to exercise the early redemption option of the contribution capital bond issue, which had a nominal amount of USD 300 million in the previous period, a redemption date of March 29, 2027, and an early redemption option on March 29, 2022, and the redemption of the said bond was carried out on March 29, 2022, after obtaining the necessary permission from the Banking Supervision and Regulation Agency to exercise the early redemption option.

	Current Period		Prior Period	
	TL	FC	TL	FC
Debt Instruments Subject to Common Equity	-	6.043.090	-	3.829.127
Subordinated Loans	-	6.043.090	-	3.829.127
Subordinated Debt Instruments	-	-	-	-
Debt Instruments Subject to Tier II Equity	-	-	-	-
Subordinated Loans	-	-	-	-
Subordinated Debt Instruments	-	-	-	-
<b>Total</b>	-	<b>6.043.090</b>	-	<b>3.829.127</b>

**11. Explanations on shareholders' equity**

**11.a Presentation of paid-in capital:**

	Current Period	Prior Period
Common stock	2.800.000	2.800.000
Preferred stock	-	-

**11.b Paid-in capital amount, explanation as to whether the registered share capital system ceiling is applicable at bank, if so, amount of registered share capital:**

Capital System	Paid-in capital	Ceiling
Registered Capital System	2.800.000	7.500.000

**11.c Information on share capital increases and their sources; other information on increased capital shares in current period:**

In line with the decision taken at the Ordinary General Assembly held on 28 March 2023, the Bank does not have any capital increase during the current period.

In line with the decision taken at the Ordinary General Assembly held on 29 March 2022, the Bank does not have any capital increase during the current period.

**11.d Information on share capital increases from capital reserves:**

None (December 31, 2022: None).

**11.e Capital commitments in the last fiscal year and at the end of the following period, the general purpose of these commitments and projected resources required to meet these commitments:**

The Bank has no capital commitments for its associates in the last fiscal year and at the end of the following period. (December 31, 2022: None).

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**SECTION FIVE (Continued)**

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS**  
**(Continued)**

**II. Explanations and disclosures related to the liabilities (continued)**

**11. Explanations on shareholders' equity (continued)**

**11.f Indicators of the Bank's income, profitability and liquidity for the previous periods and possible effects of these future assumptions on the Bank's equity due to the uncertainty of these indicators:**

The prior period income, profitability and liquidity of the Bank and their trends in the successive periods are followed by Budget Planning Department by considering the outcomes of the potential changes in the foreign exchange rate, interest rate and maturity alterations on profitability and liquidity under various scenario analyses.

The Bank operations are profitable, and the Bank retains the major part of its profit capital reserves within the shareholders equity.

**11.g Information on preferred shares which representing the capital:**

There are no privileges granted to the Bank's shares representing the capital (December 31, 2022: None).

**11.h Information on marketable securities value increase fund:**

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>From Associates, Subsidiaries, and Entities Under Common Control</b>	<b>2.191.737</b>	<b>-</b>	<b>1.058.673</b>	<b>-</b>
<b>Financial Assets at Fair Value Through Profit or Loss</b>	<b>1.042.661</b>	<b>54.353</b>	<b>1.017.332</b>	<b>(266.330)</b>
Valuation Differences	657.127	54.353	843.933	(266.330)
Foreign Exchange Difference	385.534	-	173.399	-
<b>Total</b>	<b>3.234.398</b>	<b>54.353</b>	<b>2.076.005</b>	<b>(266.330)</b>

**11.i Informations on legal reserves:**

	Current Period	Prior Period
First legal reserve	631.996	429.245
Second legal reserve	-	-
Other legal reserves appropriated in accordance with special legislation	-	-
<b>Total</b>	<b>631.996</b>	<b>429.245</b>

**11.j Informations on extraordinary reserves:**

	Current Period	Prior Period
Reserves appropriated by the General Assembly	7.301.942	3.463.943
Retained earnings	-	-
Accumulated losses	-	-
Foreign currency share capital exchange differences	-	-
<b>Total</b>	<b>7.301.942</b>	<b>3.463.943</b>

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**SECTION FIVE (Continued)**

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS**  
**(Continued)**

**III. Explanations and disclosures related to the off-balance sheet items**

**1. Explanation on off-balance sheet liabilities**

**1.a Types and amount of irrevocable loan commitments:**

	<b>Current Period</b>	<b>Prior Period</b>
Commitments for Forward Purchase and Sales of Assets	342.039	163.786
Commitments for Stock Brokerage Purchase and Sales	512.887	308.422
Commitments for Letter of Credit	774.141	572.595
Capital commitments for subsidiaries and associates (1)	168.814	138.750
Other	100.002	123.677
<b>Total</b>	<b>1.897.883</b>	<b>1.307.230</b>

(1) The Bank, the European Investment Fund (European Investment Fund - EIF), to be established by Turkey, Growth and Innovation Fund (Turkish Growth and Innovation Fund - TGIF) purchase of shares of the fund established under the name situated remaining amount that commitment and capital participation commitment regarding the cash capital increase of TSKB Sürdürülebilirlik A.Ş.

**1.b Possible losses and commitments related to off-balance sheet items including items listed below:**

**1.b.1 Non-cash loans including guarantees, surety and acceptances, financial collaterals and other letters of credits:**

As of the reporting date, total letters of credit, surety and acceptances amount to TL 4.121.492 (December 31, 2022: TL 3.570.065).

**1.b.2 Certain guarantees, tentative guarantees, surety ships and similar transactions:**

As of the reporting date, total letters of guarantee given by the Bank is TL 8.101.353 (December 31, 2022: TL 3.735.546).

**1.c.1 Total amount of non-cash loans:**

	<b>Current Period</b>	<b>Prior Period</b>
Non-cash loans given against obtaining cash loans	4.778.716	1.285.671
With maturity of one year or less than one year	33.829	88.235
With maturity of more than one year	4.744.887	1.197.436
Other non-cash loans	7.444.129	6.019.940
<b>Total</b>	<b>12.222.845</b>	<b>7.305.611</b>

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**SECTION FIVE (Continued)**

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS**  
**(Continued)**

**III. Explanations and disclosures related to the off-balance sheet items**

**1. Explanation on off-balance sheet liabilities**

**1.c.2 Information on sectoral risk concentration of non cash loans:**

	Current Period				Prior Period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agriculture	-	-	-	-	-	-	-	-
Farming and stockbreeding	-	-	-	-	-	-	-	-
Forestry	-	-	-	-	-	-	-	-
Fishing	-	-	-	-	-	-	-	-
Industry	2.257.917	90	7.803.640	80	1.341.273	91	5.239.470	90
Mining	2.491	-	-	-	252	-	-	-
Manufacturing Industry	1.596.383	64	2.695.186	28	998.631	68	2.039.754	35
Electricity, Gas, Water	659.043	26	5.108.454	52	342.390	23	3.199.716	55
Construction	1.972	-	275.847	3	2.083	-	-	-
Services	229.138	9	1.472.460	15	125.390	8	470.298	9
Wholesale and Retail Trade	-	-	584	-	-	-	357	-
Hotel, Food and Beverage Services	156.904	6	-	-	124.010	8	114.964	2
Transportation and Communication	1.138	-	1.465.838	15	1.253	-	323.817	6
Financial Institutions	71.096	3	6.038	-	96	-	31.160	1
Real Asset and Leasing Services	-	-	-	-	31	-	-	-
Self-employment Services	-	-	-	-	-	-	-	-
Education Services	-	-	-	-	-	-	-	-
Health and Social Services	-	-	-	-	-	-	-	-
Other	19.550	1	162.321	2	19.550	1	107.547	1
<b>Total</b>	<b>2.508.577</b>	<b>100</b>	<b>9.714.268</b>	<b>100</b>	<b>1.488.296</b>	<b>100</b>	<b>5.817.315</b>	<b>100</b>

**1.c.3 Information on non cash loans classified under Group I and Group II:**

	I st Group				II nd Group			
	Current Period		Prior Period		Current Period		Prior Period	
	TL	FC	TL	FC	TL	FC	TL	FC
Non-cash Loans	2.488.076	9.036.904	1.464.573	5.816.958	14.454	417.659	19.631	357
Letters of Guarantee (1)	2.358.373	5.321.546	1.143.053	2.568.770	14.454	400.933	19.631	-
Bank Acceptances	-	-	-	39.	-	-	-	-
Letters of Credit (2)	129.703	3.715.358	321.520	3.208.545	-	16.726	-	357
Endorsements	-	-	-	-	-	-	-	-
Purchase Guarantees on Issuance of Securities	-	-	-	-	-	-	-	-
Factoring Guarantees	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-

(1) The letter of guarantee followed in the stage III, IV, V are respectively amounting to TL 11, TL 5.112, TL 924, TL.

(2) The amount of the letter of credit followed by the III. group is 259.705 TL.

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**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS**  
**(Continued)**

**III. Explanations and disclosures related to the off-balance sheet items (continued)**

**2. Explanation related to derivative financial instruments**

As of December 31, 2023, the Bank's breakdown of term foreign exchange, money and interest swap transactions is as follows in foreign currency and TL denominated equivalents.

Current Period	Forward Buy	Forward Sell	Swap Buy	Swap Sell	Option Buy	Option Sell	Futures Buy	Futures Sell	Fair Value Hedge
TL	506.702	-	30.722	13.173.997	-	-	-	-	-
US Dollar	31.931	282.704	39.800.023	24.039.385	-	-	-	-	25.514.823
Euro	32.464	254.843	8.378.295	11.213.436	-	-	-	-	13.273.232
Other	-	-	626.441	625.811	-	-	-	-	-
<b>Total</b>	<b>571.097</b>	<b>537.547</b>	<b>48.835.481</b>	<b>49.052.629</b>	-	-	-	-	<b>38.788.055</b>

Prior Period	Forward Buy	Forward Sell	Swap Buy	Swap Sell	Option Buy	Option Sell	Futures Buy	Futures Sell	Fair Value Hedge
TL	690.671	-	156.200	11.206.566	-	-	-	-	-
US Dollar	79.262	413.995	30.235.028	17.922.170	-	-	-	-	21.164.894
Euro	79.286	296.232	7.498.706	8.006.248	-	-	-	-	5.332.143
Other	5.138	-	126.317	131.258	-	-	-	-	-
<b>Total</b>	<b>854.357</b>	<b>710.227</b>	<b>38.016.251</b>	<b>37.266.242</b>	-	-	-	-	<b>26.497.037</b>

Derivative Financial Liabilities Held For Trading	Current Period			Prior Period		
	Fair Value Assets	Fair Value Liabilities	Notional Amount in Turkish Lira Equivalent	Fair Value Liabilities	Fair Value Assets	Notional Amount in Turkish Lira Equivalent
Swap Transactions	643.447	206.133	39.951.168	1.067.273	352.691	34.934.113
Interest Rate Swap Transactions	974.293	759.652	57.936.942	848.533	645.022	40.348.380
Forward Transactions	6.318	12.397	1.108.644	91.864	620	1.564.584
Option Transactions	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>Total</b>	<b>1.624.058</b>	<b>978.182</b>	<b>98.996.754</b>	<b>2.007.670</b>	<b>998.333</b>	<b>76.847.077</b>

***Fair value hedge***

In the year ended 31 December 2023, the Bank had hedging swap interest and money trading transactions with a nominal amount of TL 38.788.055 (December 31, 2022: TL 26.497.037).

***Hedging from the cash-flow risk***

As of December 31, 2023 there is no cash-flow hedging transactions (December 31, 2022: None).

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**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS**  
**(Continued)**

**III. Explanations and disclosures related to the off-balance sheet items (continued)**

**3. Explanations on loan derivatives and risk exposures**

The Bank has no risk of credit derivatives or incurred as a result of them (December 31, 2022: None).

**4. Explanations on contingent liabilities and assets**

There are 32 legal cases against the Bank which are amounting to TL 648 as of the reporting date (December 31, 2022: TL 648 - 28 legal cases).

Tax Audit Committee inspectors made an investigation for the years 2008-2011 about the payments made by the Bank and employees to “Türkiye Sınai Kalkınma Bankası A.Ş. Mensupları Munzam Sosyal Güvenlik ve Yardımlaşma Vakfı” (Foundation) established in accordance with the decisions of Turkish Commercial Law and Civil Law as made to all Foundations in the sector. According to this investigation it has been communicated that the amount Bank is obliged to pay is a benefit in the nature of fee for the members of Foundation worked at the time of payment, the amount Foundation members are obliged to pay should not be deducted from the basis of fee; accordingly tax audit report was issued with the claim that it should be taken penalized income tax surcharge / penalized stump duty deducted from allowance and total amount of TL 17.325 tax penalty notice relating to period in question to Bank relying on this report.

The Bank assesses that the Bank’s practice is in compliance with the legislation and there is no legal basis for the tax administration’s suspended assessments, therefore, lawsuits have been filed against the subjected assessments in various tax courts in İstanbul, Ankara and İzmir. Some of the lawsuits are decided favourable, remaining of lawsuits are decided unfavourable by the tax courts of first instance. On the other hand, appeal and objection have been requested by the Bank against the decision of the Court with respect to the Bank and by the administration against the decision of the Court with respect to the administration and completion of appeal process is waited. The tax and penalty notices related to the decision of the tax court of first instance against the Bank are accrued by administration depending on legal process and as of July 31, 2014 the Bank has made total payments amounting to TL 22.091.

A similar case has been submitted to the Constitutional Court in the form of individual remedies by the main shareholder of the Bank in relation to the Bank’s liabilities to pay, the Constitutional Court gave the decision with court file number 2014/6192. According to court decision published in the Official Gazette dated 21 February 2015 and numbered 29274, the assessments against the Bank were contrary to the principle of legality and the Bank’s property rights have been violated. This decision is considered to be a precedent for the Bank and an amount of TL 12.750 corresponding to the portion that the Bank was obliged to pay for the related period is recognized as income in the prior period.,

According to Legal Department of the Bank, it is not expected that the other lawsuits against the Bank will have a significant impact on the financial statements. The provision for a lawsuit filed against the Bank is included in the Note 7.c.3 of Section Five.

**5. Custodian and intermediary services:**

The Bank has not provides trading and safe keeping services in the name and account of real persons, legal entities, funds, pension funds and other entities, which are presented in the statement of contingencies and commitments. The details of the securities taken as collateral are shown in the off-balance sheet accounts.

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**SECTION FIVE (Continued)**

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS**  
**(Continued)**

**IV. Explanations and disclosures related to the income statement**

**1. Information on interest income**

**1.a Information on interest on loans:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest on loans (1)				
Short term loans	128.896	525.080	298.408	222.955
Medium and long term loans	1.500.007	9.102.668	456.188	4.264.782
Interest on non-performing loans	9.854	-	1.981	16.248
Premiums received from resource utilization support fund	-	-	-	-
<b>Total</b>	<b>1.638.757</b>	<b>9.627.748</b>	<b>756.577</b>	<b>4.503.985</b>

(1) Commission income from loans has been included to the interest on loans.

**1.b Information on interest received from banks:**

	Current Period		Prior Period	
	TL	FC	TL	FC
The Central Bank of Turkey (1)	82	-	309	-
Domestic banks	3.299	21.653	834	5.003
Foreign banks	-	2.405	-	1.863
Branches and head office abroad	-	-	-	-
<b>Total</b>	<b>3.381</b>	<b>24.058</b>	<b>1.143</b>	<b>6.866</b>

(1) Interests given to the Turkish Lira and US Dollar portion of the CBRT Required Reserves, reserve options and unrestricted accounts have been presented under "The Central Bank of Turkey" line in the financial statements.

**1.c Information on interest received from marketable securities:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets at Fair Value Through Profit and Loss	-	-	3	-
Financial Assets at Fair Value Through Other Comprehensive Income	599.562	392.997	524.371	520.582
Financial Assets Measured at Amortized Cost	3.338.292	659.068	2.876.981	214.022
<b>Total</b>	<b>3.937.854</b>	<b>1.052.065</b>	<b>3.401.355</b>	<b>734.604</b>

As indicated in accounting policies, the bank evaluate its Consumer Price Indexed (CPI) government bonds which are in securities portfolio of the Bank base on reference index at date of issue and estimated CPI's. The estimated CPI's is updated when it seems necessary. As of December 31, 2023, the valuation of these securities is based on 61.4% (October 2022-October 2023)annual inflation forecast (December 31, 2022: 85.51%).

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**SECTION FIVE (Continued)**

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS**  
**(Continued)**

**IV. Explanations and disclosures related to the income statement (continued)**

**1. Information on interest income (continued)**

**1.d Information on interest income received from associates and subsidiaries:**

	<b>Current Period</b>	<b>Prior Period</b>
Interest received from associates and subsidiaries	158.211	56.048

**2. Information on interest expenses**

**2.a Information on interest on funds borrowed:**

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Banks	11.624	2.273.884	7.892	832.274
The Central Bank of Turkey	-	-	-	-
Domestic banks	11.624	621.678	3.791	333.182
Foreign banks	-	1.652.206	4.101	499.092
Branches and head office abroad	-	-	-	-
Other financial institutions	-	3.636.572	-	1.153.468
<b>Total (1)</b>	<b>11.624</b>	<b>5.910.456</b>	<b>7.892</b>	<b>1.985.742</b>

(1) Commissions given to Banks and Other Institutions have been included to interest expense on funds borrowed.

**2.b Information on interest expense to associates and subsidiaries:**

The Bank has no interest expense to its associates and subsidiaries (December 31, 2022: None).

**2.c Information on interest expense to securities issued:**

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Interest on Securities Issued (1)	-	1.568.068	-	1.294.319

(1) Commissions given to issuance have been included to interest expense.

**3. Information on dividend income:**

	<b>Current period</b>	<b>Prior Period</b>
Financial Assets at Fair Value Through Profit or Loss	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	8.778	5.777
Other	4.212	3.409
<b>Total</b>	<b>12.990</b>	<b>9.186</b>



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**SECTION FIVE (Continued)**

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**IV. Explanations and disclosures related to the income statement (continued)**

**4. Information on net trading income (net)**

	Current Period	Prior Period
<b>Profit</b>	<b>7.947.556</b>	<b>6.952.287</b>
Gains on capital market operations	54.174	17.365
Gains on derivative financial instruments (1)	5.635.745	5.570.264
Foreign exchange gains	2.257.637	1.364.658
<b>Losses (-)</b>	<b>(6.249.257)</b>	<b>(6.151.368)</b>
Losses on capital market operations	(30.962)	(2.356)
Losses on derivative financial instruments (1)	(3.757.773)	(3.049.943)
Foreign exchange losses	(2.460.522)	(3.099.069)

(1) Foreign exchange gain from derivative transactions amounting to TL 3.468.607 is presented in "Gains on derivative financial instruments" (December 31, 2022: TL 3.232.603), foreign exchange loss from derivative transactions amounting to TL (1.851.292) is presented in "Losses on derivative financial instruments" (31 December 2022: TL (1.077.380)).

**5. Explanation related to other operating income**

	Current Period	Prior Period
Provisions Released	209.999	84.415
Gains on Sale of Assets	1.613	212
From Associate and Subsidiary Sales	-	-
From Immovable Fixed Asset Sales	-	-
From Property Sales	1.613	212
From Other Asset Sales	-	-
Other	24.402	8.260
<b>Total</b>	<b>236.014</b>	<b>92.887</b>

**6. Expected credit loss of the Bank**

	Current Period	Prior Period
Expected Credit Loss	3.197.774	2.537.115
12 Months Expected Credit Loss (Stage 1)	530.319	137.043
Significant Increase in Credit Risk (Stage 2)	1.356.763	1.212.068
Non-performing Loans (Stage 3) (2)	1.310.692	1.188.004
Marketable Securities Impairment Expenses	1.111	16.871
Financial Assets at Fair Value Through Profit or Loss	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	1.111	16.871
Associates, Subsidiaries, and Entities under Common Control (Joint Venture) Value Decrease	-	-
Associates	-	-
Subsidiaries	-	-
Entities under Common Control (Joint Venture)	-	-
Other (1)	870.000	585.286
<b>Total</b>	<b>4.068.885</b>	<b>3.139.272</b>

(1) As of the reporting date the free provision expense for possible losses amounting to TL 850.000 has been incurred (December 31, 2022: TL 460.000 ).

(2) It also includes the amount of the released provision for the loan belonging to LYY Telekomünikasyon A.Ş. that was written off from the asset during the period.

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**SECTION FIVE (Continued)**

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS**  
**(Continued)**

**IV. Explanations and disclosures related to the income statement (continued)**

**7. Information related to other operating expenses**

	<b>Current Period</b>	<b>Prior Period</b>
Reserve for employee termination benefits	-	6.077
Bank social aid fund deficit provision	-	-
Impairment expenses of fixed assets	-	-
Depreciation expenses of fixed assets	36.401	22.333
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	3.206	1.757
Impairment on subsidiaries accounted for under equity method	-	-
Impairment on assets for resale	-	-
Depreciation expenses of assets for resale	-	-
Impairment expenses of assets held for sale	-	-
Other operating expenses	225.812	77.173
Leasing Expenses on TFRS 16 Exceptions	10.545	4.801
Maintenance expenses	2.770	1.770
Advertisement expenses	3.287	1.411
Other expenses (2)	209.210	69.191
Loss on sale of assets	-	-
Other (1)	167.889	62.404
<b>Total</b>	<b>433.308</b>	<b>169.744</b>

(1) Includes tax and fee expenses excluding corporate tax in the amount of TL 94.071; permit provisions expenses in the amount of TL 10.779 (December 31, 2022: includes tax and fee expenses excluding corporate tax in the amount of TL 25.956; permit provisions expenses in the amount of TL 2.388).

(2) It includes donations amounting to TL 60.776 made due to the earthquake disaster dated February 6, 2023.

**8. Information on tax provision for continued and discontinued operations**

**8.a Information on current tax charge or benefit and deferred tax charge or benefit:**

The Bank has amounting to TL 2.938.543 current tax expense for the period (December 31, 2022: TL 1.512.327 expense). Deferred tax income is TL 687.797 (December 31, 2022: TL 426.056 income).

**8.b Information related to deferred tax benefit or charge on temporary differences:**

Deferred tax income calculated on temporary differences is TL 687.797 (December 31, 2022: TL 426.056 income).

**8.c Information related to deferred tax benefit / charge on temporary differences, losses, tax deductions and exceptions:**

There is no deferred tax income or expense reflected in the income statement in terms of financial losses and tax deductions and exceptions. (December 31, 2022: None ).

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.**  
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**SECTION FIVE (Continued)**

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS  
(Continued)**

**IV. Explanations and disclosures related to the income statement (continued)**

**9. Explanations on net profit/loss from continued and discontinued operations**

As of December 31, 2023, the Bank's profit before tax has increased by 73,65% compared to the prior period.

**10. Information on net profit/loss**

**10.a The nature and amount of certain income and expense items from ordinary operations is disclosed if the disclosure for nature, amount and repetition rate of such items is required for the complete understanding of the Bank's performance for the period:**

Due to ordinary banking transactions, the Bank received interest income of TL 17.982.813, interest expenses of TL 7.748.413, net fee and commission income of TL 453.211 (December 31, 2022: interest income of TL 10.103.050, interest expenses of TL 3.367.729, net fee and commission income of TL 158.468).

**10.b The effect of the change in accounting estimates to the net profit/loss; including the effects to the future period, if any:**

There has no change in the accounting estimates and accordingly effect on the financial statement items.

**10.c Minority share of profit and loss:**

There is no profit and loss attributable to minority interest in the accompanying unconsolidated financial statements (December 31, 2022: None).

**11. If the other items in the income statement exceed 10% of the income statement total, accounts amounting to at least 20% of these items are shown below:**

None other than other operating expense explained in Note IV.6, exceeds 10% of the income statement.

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**SECTION FIVE (Continued)**

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS**  
**(Continued)**

**V. Explanations and disclosures related to the statement of changes in shareholders' equity**

**1. Informations related to capital**

As of the balance sheet date, Paid in capital is TL 2.800.000, legal reserves is TL 631.996, extraordinary legal reserves is TL 7.301.942.

**2. Accumulated other comprehensive income or loss not reclassified through profit or loss**

Changes in Accumulated other comprehensive income or loss not reclassified through profit or loss includes valuation differences related to tangible assets, Defined Benefit Pension Plan related to Actuarial gains, related to valuation differences of the shares that are being classified fair value through other comprehensive income are being valued at market value in investment in associates, subsidiaries and entities which under equity method.

**3. Accumulated other comprehensive income or loss reclassified through profit or loss**

Changes in Accumulated other comprehensive income or loss reclassified through profit or loss includes related to exchange differences of the shares that are being classified fair value through other comprehensive income and related to revaluation differences of fair value through other comprehensive income.

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**SECTION FIVE (Continued)**

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS**  
**(Continued)**

**VI. Explanations related to the statement of cash flows**

**1. The effects of the other items stated in the cash flow statement and the changes in foreign currency exchange rates on cash and cash equivalents**

In the current period, other income amounting to TL 131.642, consists of gain on sale of assets and non-interest income (December 31, 2022: TL 581.087 gain on sale of assets, and non-interest income).

Other caption in changes in assets and liabilities from banking operations amounting to TL 798.211 (December 31, 2022: TL 2.451.960) consists of other items such as derivative financial transaction losses, severance pay provision and depreciation expenses, excluding taxes paid, other operating expenses, fees and commissions, and foreign exchange profit/loss.

In the current period, net increase/decrease item in other assets amounting to TL (510.733) (December 31, 2022: TL (635.589)), consists of change in miscellaneous receivables, reserve requirement and other assets item.

In the current period, other payables amounting to TL 1.188.138 (December 31, 2022: TL 2.003.000), consists of change in borrower funds, miscellaneous payables and funds from repo transactions.

In the current period, the effect of changes in foreign currency exchange rates on cash and cash equivalents has realized amounting to TL 903.891 (December 31, 2022: TL 179.026).

**2. Information about cash flows from acquisition of associates, subsidiaries and other investments**

In the current period, the Bank invested TL 21.570 in securities and real estate and TL 5.625 in intangible assets. In the current period, the Bank did not contributed to the capital of its subsidiaries in cash.

In the prior period, the Bank has invested TL 16.592 of movable and immovable property and TL 1.732 of intangible assets. In the prior period, the Bank did not contributed to the capital of its subsidiaries in cash.

**Information about disposal of associates, subsidiaries, and other investments**

In the current period, the Bank has generated a cash inflow of TL 1.707 on sale of movable fixed assets and properties (December 31, 2022: TL 276).

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**SECTION FIVE (Continued)**

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS**  
**(Continued)**

**VI. Explanations related to the statement of cash flows (continued)**

**3. Information on cash and cash equivalents at the end of the period**

Information on cash and cash equivalents at the beginning of the period:

	<b>Beginning of the Current Period</b>	<b>Beginning of the Prior Period</b>
Cash	-	17
Cash Equivalents	7.056.949	3.219.204
<b>Total</b>	<b>7.056.949</b>	<b>3.219.221</b>

Information on cash and cash equivalents at the end of the period:

	<b>End of the Current Period</b>	<b>End of the Prior Period</b>
Cash	-	-
Cash Equivalents	12.104.573	7.056.949
<b>Total</b>	<b>12.104.573</b>	<b>7.056.949</b>

**4. Amount of cash and cash equivalents restricted for the usage of the Bank and the shareholders by legal limitations and other reasons**

Reserves amounting to TL 2.897.600 (December 31, 2022: TL 2.756.658) in Turkish Republic Central Bank represent Turkish Lira, foreign currency requirements of the Bank.

**5. Additional information related to financial position and liquidity of the Bank**

**5.a Any unused financial borrowing facility which can be utilized in banking operations and unpaid capital commitments and any restrictions on such facilities:**

There are not any unused financial borrowing facilities which can be utilized in banking operations and unpaid capital commitments and any restrictions on such facilities.

**5.b Apart from the cash flows needed to run ordinary operations of the Bank, total of cash flows that shows the increase in the operation capacity of the Bank:**

Under current economical conditions, the cash flows are followed daily and cash flows showing the increase in the capacity of operations of the Bank are investigated.

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**SECTION FIVE (Continued)**

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS**  
**(Continued)**

**VII. Explanations on the risk group of the Bank**

**1. Information on the volume of transactions related to the Bank's own risk group, outstanding loan and deposit transactions and income and expenses of the period**

**1.a Current Period:**

Risk Group of the Bank	Subsidiaries and Associates		Direct and Indirect Shareholders of the Bank		Other Entities Included In the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Balance at Beginning of Period	1.496.337	2	592.026	-	-	-
Balance at End of Period	2.325.017	2	597.442	-	-	-
Interest and Commission Income	152.541	5.670	58.831	-	-	-

**1.b Prior Period:**

Risk Group of the Bank (1)	Subsidiaries and Associates		Direct and Indirect Shareholders of the Bank		Other Entities Included In the risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Balance at Beginning of Period	997.287	9.754	489.070	-	13.581	-
Balance at End of Period	1.496.337	2	592.026	-	-	-
Interest and Commission Income	54.471	1.577	30.218	-	186	-

(1) As of March 31, 2022, the Bank provided from its Parent Partner a sustainable subordinated loan with a nominal amount of USD 200 million and a redemption date of March 31, 2027, with a coupon payment every 6 months.

**1.c Information on deposit held by Bank's own risk group:**

The Bank is not authorized to accept deposits.

**2. Information on forward, option and other similar agreements made with Bank's own risk group**

Risk Group of the Bank	Subsidiaries and Associates		Direct and Indirect Shareholders of the Bank		Other Entities Included in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
<b>Fair Value Through Profit or Loss Transactions</b>						
Beginning of the Period	-	-	-	-	-	-
End of the Period	1.114.465	-	-	-	-	-
Total Profit / Loss (1)	(29.516)	-	-	-	-	-
<b>Hedging Risk Transactions</b>						
Beginning of the Period	-	-	-	-	-	-
End of the Period	-	-	-	-	-	-
Total Profit / Loss (1)	-	-	-	-	-	-

(\*) Prior Period includes informations about December 31, 2022..

**3. Total salaries and similar benefits provided to the key management personnel**

Benefits provided to the key management personnel in the current period amount to TL 70.173 (December 31, 2022: TL 31.623).

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**SECTION FIVE (Continued)**

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS**  
**(Continued)**

**VIII. Information and disclosures related to the domestic, foreign offshore branches and foreign representations of the Bank:**

**1. Domestic and foreign branches and representative offices**

	Number	Number of Employees			
Domestic branches	1	452			
			Country of Incorporation		
Foreign representations	-	-			
				Total Asset	Statutory Share Capital
Foreign branches	-	-		-	-
Off-shore banking region branches	-	-		-	-

**2. Explanation on opening, closing of a branch/agency of the Bank or changing its organizational structure significantly**

In the current year, the Bank has not opened any branch or agency and there is no significant change in the organization structure of the Bank's operating branches.

In the prior period, the Bank has not opened any branch or agency and there is no significant change in the organization structure of the Bank's operating branches.



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**SECTION SIX**

**OTHER EXPLANATIONS**

**I. Other explanations related to operations of the Bank**

**1.a Brief information related to ratings carried out by international rating firms:**

**FITCH RATINGS**

Long-term Maturity Foreign Currency (issuer)	B-
Long-term Maturity Foreign Currency Outlook (issuer)	Stable
Short-term Maturity Foreign Currency (issuer)	B
Long-term Maturity National Currency (issuer)	B
Long-term Maturity National Currency Outlook (issuer)	Stable
Short-term Maturity National Currency (issuer)	B
State Support Note	ns
National Note	AA
National Note Outlook	Stable
Financial Capacity Note	b-

International credit rating agency Fitch Ratings updated the Bank's credit ratings on September 22, 2023.

**MOODY'S**

Reference Credit Rating Note	caal
<b>Foreign Currency (issuer)</b>	
Long-term Maturity	B3
Outlook	Stable
Short-term Maturity	NP
<b>Domestic Currency (issuer)</b>	
Long-term Maturity	B3
Outlook	Stable
Short-term Maturity	NP
<b>Unsecured Debt-Foreign Currency</b>	
Long-term Maturity	B3
Outlook	Stable
Foreign Currency/Domestic Currency MTN Note:	(P) B3

Information above represents updated information by Moody's as of August 16, 2022.

**1.b Informations on corporate governance rating of the Bank:**

SAHA Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş. (SAHA Corporate Governance and Credit Rating Services A.Ş.), a corporate governance rating institution with Capital Markets Board license, updated the Bank's corporate governance rating of 96,55% (9,66 over 10) as of October 19, 2023. Ratings under the main topics of weighted Shareholders, Public Disclosure and Transparency, Stakeholders and Board of Directors are declared as; 9,51 (Weight: 25%), 9,87 (Weight: 25%), 9,89 (Weight: 15%), 9,51 (Weight: 35%) over 10 respectively.

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**SECTION SIX**

**OTHER EXPLANATIONS (Continued)**

**1.c Fee information regarding the services received by the Bank from an Independent Auditor and the Other Independent Audit Firms:**

In accordance with the decision of the POA dated March 26, 2021, the fee information for the reporting period regarding the services received from the independent auditor and other independent audit firms, on the amounts excluding VAT, is as follows given in the table. These fees for services rendered to the Bank and its subsidiaries are included.

	<b>Current Period</b>	<b>Prior Period</b>
Independent audit fee for the reporting period (*)	2.534	731
Fees for tax advisory services	929	309
Fees for other assurance services	6.689	2.946
Fees for services other than independent audit	236	5
<b>Total</b>	<b>10.388</b>	<b>3.991</b>

(\*) The Group's consolidated audit fees are shown

**II. Other explanations related to the events after the reporting date**

With the board decision dated January 11, 2024 and numbered 10825, the BRSA has determined the transition date for banks, financial leasing, factoring, financing, savings financing and asset management companies to implement the "IAS 29 Financial Reporting Standard in High Inflation Economies" as January 1, 2025.

Following the revision of the outlook of Türkiye's rating from "Stable" to "Positive" by the international credit rating agency Moody's on January 12, 2024, the outlook of our bank's Long-Term Foreign Currency and Domestic Currency Issuer Rating and Basic Credit Rating was revised from "Stable" to "Positive" on January 17, 2024, and the aforementioned ratings were confirmed.

Currently, the notes and note view of our Bank are as follows:

Long-Term Foreign Currency Issuer Rating B3 — Outlook: Positive

Long-Term Domestic Currency Issuer Rating B3 — Outlook: Positive

Long-Term Counterparty Risk Rating B3

Counterparty Risk Assessment B3(cr)

Basic Credit Rating caa1 — Outlook: Positive

Adjusted Basic Credit Assessment caa1

Priority Unsecured Borrowing Rating B3

Foreign Currency MTN Rating (P)B3

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

(Amounts are expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**SECTION SEVEN**

**AUDITORS' REPORT**

**I. Explanations on the auditors' report**

The unconsolidated financial statements for the period ended December 31, 2023 have been audited by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (A member firm of Ernst & Young Global Limited). The independent auditor's audit report dated February 5, 2024 is presented preceding the financial statements.

**II. Explanations and notes prepared by independent auditors**

There are no other explanations and notes not expressed in sections above related with the Bank's operations.