

**Türkiye Sınai Kalkınma Bankası  
Anonim Şirketi and Its Subsidiaries**

**Independent Auditor's Audit Report, Consolidated 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 Consolidated Financial Statements**

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

#### **Qualified Opinion**

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

In our opinion, except for the effects of the matter on the consolidated financial statements described in the Basis of for Qualified Opinion paragraph, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Türkiye Sınai Kalkınma Bankası A.Ş. and its subsidiaries as at December 31, 2023 and consolidated financial performance and consolidated 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 consolidated financial statements as at December 31, 2023 include a free provision amounting to thousand TL 1.750.000 of which thousand TL 900.000 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 Group 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 consolidated financial statements of the current period. Key audit matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. 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
<p><b><i>Related important disclosures about recognition and impact of impairment on financial assets in accordance with TFRS 9</i></b></p> <p>As presented in Section 3 disclosure IX 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 Group’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, Group’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 Group’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 Group’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 Parent 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 XVII 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 Parent 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 Parent 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 Consolidated Financial Statements**

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but, is not a guarantee that an audit conducted in accordance with BRSA 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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. (The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.)
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion

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

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



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



Fatma Ebru Yücel, SM/MM  
Partner

February 5, 2024  
İstanbul, Türkiye



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

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The consolidated 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 PARENT BANK
- CONSOLIDATED FINANCIAL STATEMENTS OF THE PARENT BANK
- EXPLANATIONS ON THE CORRESPONDING ACCOUNTING POLICIES APPLIED IN THE RELATED PERIOD
- INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP WHICH IS UNDER CONSOLIDATION
- EXPLANATORY DISCLOSURES AND FOOTNOTES ON CONSOLIDATED FINANCIAL STATEMENTS
- OTHER EXPLANATIONS
- INDEPENDENT AUDITOR’S REPORT

The subsidiaries, associates and joint ventures, whose financial statements are consolidated within the framework of the reporting package, are as follows:

**Subsidiaries**

Yatırım Finansman Menkul Değerler A.Ş.  
TSKB Gayrimenkul Yatırım Ortaklığı A.Ş.  
Yatırım Varlık Kiralama A.Ş.

**Associates**

İş Finansal Kiralama A.Ş.  
İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.  
İş Faktoring A.Ş.

The accompanying consolidated 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**

**Chairman of  
Board of Directors**

**Murat BİLGİÇ**

**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** : Dilek Pekcan Mişe / Head of Financial Control Department  
**Telephone Number** : (0212) 334 52 77

**Türkiye Sınai Kalkınma Bankası A.Ş.**

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**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED 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 Parent Bank's incorporation date, beginning status, changes in the existing status**

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

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

**II. Explanations regarding the Parent 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 Parent Bank**

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

<b>Current Period</b>	<b>Share Capital</b>	<b>Shareholding Rate (%)</b>	<b>Paid in Capital</b>	<b>Unpaid Capital</b>
<b>Name Surname/Commercial Title</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 Capital</b>	<b>Shareholding Rate (%)</b>	<b>Paid in Capital</b>	<b>Unpaid Capital</b>
<b>Name Surname/Commercial Title</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 August 25.08.2023, İş Bank Group, the main shareholder of the Bank, was informed about the transfer of the subsidiaries and subsidiary shares owned by İşbank to a newly established joint stock company in the form of 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 shares of the parent bank have been traded on Borsa İstanbul (BIST) since December 26, 1986. 51.37% of the shares belong to Türkiye İş Bankası Group, and 40.69% of the shares in actual circulation are traded on the BIST Star Market under the symbol "TSKB".

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

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

**II. 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 Parent Bank**

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

Name Surname	Title (1)
Adnan Bali	Chairman of the Board of Directors
Ece Börü	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 Üstümsalih	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**

Name Surname	Title / Area of Responsibility
Murat Bilgiç	General Manager
Seyit Hüseyin Gürel (4)	Executive Vice President - Advisory Services Sales, Financial and Technical Consulting, Credit Allocation, Credit Structuring and Resolution, Engineering
A. Ferit Eraslan	Executive Vice President – Financial Control, Budget Planning, Corporate Compliance, Credit Operations, Treasury and Capital Market Operations
Hasan Hepkaya	Executive Vice President – Consulting Services Sales, Corporate Banking Sales, Project Finance, Economic Research, Financial and Technical Consulting, Corporate Banking Marketing
Meral Murathan	Executive Vice President – Treasury, Financial Institutions and Investor Relations, Development Finance Institutions, Credit Monitoring, Corporate Communications
Engin Topaloğlu	Executive Vice President – Board of Inspectors, Risk Management, Internal Control
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 28 March 2023.

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED 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 Parent Bank**

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

**V. Summary on the Parent 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 2 June 1950, the aim of the Parent 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 Parent Bank is succeeding its aims by financing, consulting, giving technical support and financial intermediary services. The Parent 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 Parent 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 Parent Bank also continues to offer solutions with respect to the newest needs and client demands.

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED 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**

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., Terme Metal Sanayi ve Ticaret A.Ş., Ege Tarım Ürünleri Lisanslı Depoculuk A.Ş., TSKB Sürdürülebilirlik Danışmanlığı A.Ş. and Anavarza Otelcilik Anonim Şirketi are not consolidated since they are not in scope of financial institutions according to related Communiqué. These non-financial investment in associates and subsidiaries are accounted by the equity method in the consolidated financial statements.

Türkiye Sınai Kalkınma Bankası A.Ş. and its financial institutions, Yatırım Finansman Menkul Değerler A.Ş., TSKB Gayrimenkul Yatırım Ortaklığı A.Ş. and Yatırım Varlık Kiralama A.Ş. are included in the accompanying consolidated financial statements by 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.

**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.

**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.

**Yatırım Varlık Kiralama A.Ş. :**

Yatırım Varlık Kiralama A.Ş. was established on 20 September 2019. Core business of the Company is to issue a lease certificate exclusively in accordance with the provisions of the Capital Market Law and the relevant Communiqué. The share of Yatırım Finansman Menkul Değerler A.Ş. is 100%. Headquarters of company is in İstanbul /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.

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED 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)**

**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 Parent 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 Parent Bank and its subsidiaries. The Parent Bank charge or pay cost of the services according to the service agreements done between the Parent Bank and its subsidiaries. Dividend distribution from shareholders’ equity is made according to related legal regulations.

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

The Parent Bank 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 Parent Bank accessible from the Parent Bank’s corporate website.

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

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

ASSETS	Section 5 Note I	Audited Current Period 31 December 2023			Audited Prior Period 31 December 2022		
		TL	FC	Total	TL	FC	Total
<b>I. FINANCIAL ASSETS (NET)</b>		<b>12.366.734</b>	<b>15.366.459</b>	<b>27.733.193</b>	<b>11.118.327</b>	<b>13.011.354</b>	<b>24.129.681</b>
<b>1.1 Cash and Cash Equivalents</b>		<b>7.630.646</b>	<b>7.992.154</b>	<b>15.622.800</b>	<b>6.203.077</b>	<b>4.266.110</b>	<b>10.469.187</b>
1.1.1 Cash and Balances with Central Bank	(1)	8.683	2.934.142	2.942.825	18.960	2.778.981	2.797.941
1.1.2 Banks	(3)	198.512	5.062.745	5.261.257	464.264	1.492.816	1.957.080
1.1.3 Money Market Placements		7.424.388	-	7.424.388	5.721.043	-	5.721.043
1.1.4 Expected Credit Losses (-)		937	4.733	5.670	1.190	5.687	6.877
<b>1.2 Financial Assets at Fair Value Through Profit or Loss</b>	<b>(2)</b>	<b>409.358</b>	<b>-</b>	<b>409.358</b>	<b>175.599</b>	<b>-</b>	<b>175.599</b>
1.2.1 Government Debt Securities		-	-	-	-	-	-
1.2.2 Equity Instruments		7.440	-	7.440	98.313	-	98.313
1.2.3 Other Financial Assets		401.918	-	401.918	77.286	-	77.286
<b>1.3 Financial Assets at Fair Value Through Other Comprehensive Income</b>	<b>(4)</b>	<b>3.851.908</b>	<b>5.914.430</b>	<b>9.766.338</b>	<b>3.779.021</b>	<b>7.310.268</b>	<b>11.089.289</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		163.648	753.336	916.984	112.705	407.023	519.728
1.3.3 Other Financial Assets		18.893	-	18.893	819.774	-	819.774
<b>1.4 Derivative Financial Assets</b>	<b>(2)</b>	<b>474.822</b>	<b>1.459.875</b>	<b>1.934.697</b>	<b>960.630</b>	<b>1.434.976</b>	<b>2.395.606</b>
1.4.1 Derivative Financial Assets at Fair Value Through Profit or Loss		474.822	1.459.875	1.934.697	960.630	1.434.976	2.395.606
1.4.2 Derivative Financial Assets at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
<b>II. FINANCIAL ASSETS MEASURED AT AMORTIZED COST (NET)</b>		<b>18.616.230</b>	<b>123.677.102</b>	<b>142.293.332</b>	<b>13.961.970</b>	<b>74.654.449</b>	<b>88.616.419</b>
<b>2.1 Loans</b>	<b>(5)</b>	<b>14.151.168</b>	<b>117.065.644</b>	<b>131.216.812</b>	<b>10.044.689</b>	<b>70.885.506</b>	<b>80.930.195</b>
<b>2.2 Lease Receivables</b>	<b>(10)</b>	<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>2.4 Other Financial Assets Measured at Amortized Cost</b>	<b>(6)</b>	<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>3.961.529</b>	<b>4.308.433</b>	<b>8.269.962</b>	<b>2.312.947</b>	<b>3.207.041</b>	<b>5.519.988</b>
<b>III. PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (NET)</b>	<b>(16)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
3.1 Held for Sale Purpose		-	-	-	-	-	-
3.2 Related to Discontinued Operations		-	-	-	-	-	-
<b>IV. EQUITY INVESTMENTS</b>		<b>2.939.908</b>	<b>-</b>	<b>2.939.908</b>	<b>1.551.348</b>	<b>-</b>	<b>1.551.348</b>
<b>4.1 Investments in Associates (Net)</b>	<b>(7)</b>	<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>	<b>(8)</b>	<b>101.016</b>	<b>-</b>	<b>101.016</b>	<b>51.970</b>	<b>-</b>	<b>51.970</b>
4.2.1 Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
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>		<b>13.058</b>	<b>-</b>	<b>13.058</b>	<b>5.628</b>	<b>-</b>	<b>5.628</b>
4.3.1 Joint Ventures Valued Based on Equity Method		13.058	-	13.058	5.628	-	5.628
4.3.2 Unconsolidated Joint Ventures		-	-	-	-	-	-
<b>V. TANGIBLE ASSETS (Net)</b>	<b>(12)</b>	<b>2.237.255</b>	<b>-</b>	<b>2.237.255</b>	<b>1.214.227</b>	<b>-</b>	<b>1.214.227</b>
<b>VI. INTANGIBLE ASSETS (Net)</b>	<b>(13)</b>	<b>8.118</b>	<b>-</b>	<b>8.118</b>	<b>4.278</b>	<b>-</b>	<b>4.278</b>
6.1 Goodwill		1.005	-	1.005	1.005	-	1.005
6.2 Other		7.113	-	7.113	3.273	-	3.273
<b>VII. INVESTMENT PROPERTY (Net)</b>	<b>(14)</b>	<b>1.430.350</b>	<b>-</b>	<b>1.430.350</b>	<b>764.910</b>	<b>-</b>	<b>764.910</b>
<b>VIII. CURRENT TAX ASSET</b>		<b>691</b>	<b>-</b>	<b>691</b>	<b>177</b>	<b>-</b>	<b>177</b>
<b>IX. DEFERRED TAX ASSET</b>	<b>(15)</b>	<b>1.480.605</b>	<b>-</b>	<b>1.480.605</b>	<b>724.131</b>	<b>-</b>	<b>724.131</b>
<b>X. OTHER ASSETS (Net)</b>	<b>(17)</b>	<b>2.640.202</b>	<b>150.198</b>	<b>2.790.400</b>	<b>516.911</b>	<b>99.578</b>	<b>616.489</b>
<b>TOTAL ASSETS</b>		<b>41.720.093</b>	<b>139.193.759</b>	<b>180.913.852</b>	<b>29.856.279</b>	<b>87.765.381</b>	<b>117.621.660</b>

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



**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES**  
**CONSOLIDATED 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			
LIABILITIES AND EQUITY		Section 5 Note II	TL	FC	Total	TL	FC	Total
I.	DEPOSITS	(1)	-	-	-	-	-	-
II.	FUNDS BORROWED	(3)	175.418	106.675.692	106.851.110	-	70.814.085	70.814.085
III.	MONEY MARKET BALANCES		1.502.958	2.224.922	3.727.880	1.215.564	1.256.559	2.472.123
IV.	MARKETABLE SECURITIES ISSUED (Net)	(3)	1.921.359	32.227.091	34.148.450	505.705	21.047.752	21.553.457
4.1	Bills		397.337	-	397.337	333.220	-	333.220
4.2	Assets Backed Securities		1.524.022	-	1.524.022	172.485	-	172.485
4.3	Bonds		-	32.227.091	32.227.091	-	21.047.752	21.047.752
V.	BORROWER FUNDS		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		-	-	-	-	-	-
VI.	FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VII.	DERIVATIVE FINANCIAL LIABILITIES	(2)	32.887	1.115.271	1.148.158	169.996	962.357	1.132.353
7.1	Derivative Financial Liabilities at Fair Value Through Profit or Loss		32.887	1.115.271	1.148.158	169.996	962.357	1.132.353
7.2	Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
VIII.	FACTORING LIABILITIES		-	-	-	-	-	-
IX.	LEASE LIABILITIES	(5)	39.250	-	39.250	5.563	-	5.563
X.	PROVISIONS	(7)	1.900.887	180.126	2.081.013	1.021.789	49.640	1.071.429
10.1	Restructuring Provisions		-	-	-	-	-	-
10.2	Reverse for Employee Benefits		51.889	-	51.889	48.190	-	48.190
10.3	Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4	Other Provisions		1.848.998	180.126	2.029.124	973.599	49.640	1.023.239
XI.	CURRENT TAX LIABILITY	(8)	971.818	-	971.818	580.310	-	580.310
XII.	DEFERRED TAX LIABILITY	(8)	-	-	-	-	-	-
XIII.	LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)		-	-	-	-	-	-
13.1	Held for Sale Purpose		-	-	-	-	-	-
13.2	Related to Discontinued Operations		-	-	-	-	-	-
XIV.	SUBORDINATED DEBT INSTRUMENTS	(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		-	-	-	-	-	-
XV.	OTHER LIABILITIES		608.848	1.986.703	2.595.551	428.570	2.004.454	2.433.024
XVI.	SHAREHOLDERS' EQUITY		21.770.699	54.353	21.825.052	13.258.786	(266.330)	12.992.456
16.1	Paid-in capital	(11)	2.800.000	-	2.800.000	2.800.000	-	2.800.000
16.2	Capital Reserves		15.665	-	15.665	1.381	-	1.381
16.2.1	Share Premium		1.007	-	1.007	1.007	-	1.007
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)	3.564.791	183.946	3.748.737	1.218.443	95.052	1.313.495
16.4	Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss		387.135	(129.593)	257.542	1.371.833	(361.382)	1.010.451
16.5	Profit Reserves		7.745.308	-	7.745.308	3.702.923	-	3.702.923
16.5.1	Legal Reserves	(11)	644.594	-	644.594	440.207	-	440.207
16.5.2	Status Reserves		75.641	-	75.641	75.641	-	75.641
16.5.3	Extraordinary Reserves	(11)	7.022.154	-	7.022.154	3.184.155	-	3.184.155
16.5.4	Other Profit Reserves		2.919	-	2.919	2.920	-	2.920
16.6	Profit Or Loss		6.854.098	-	6.854.098	3.945.723	-	3.945.723
16.6.1	Prior Years' Profit/Loss		(110.946)	-	(110.946)	(34.689)	-	(34.689)
16.6.2	Current Year Profit/Loss		6.965.044	-	6.965.044	3.980.412	-	3.980.412
16.7	Non-Controlling Interests		403.702	-	403.702	218.483	-	218.483
TOTAL LIABILITIES AND EQUITY			29.056.944	151.856.908	180.913.85	17.214.190	100.407.470	117.621.660

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

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET**  
**AS OF DECEMBER 31, 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)		22.139.270	140.351.536	162.490.806	19.508.376	106.630.286	126.138.662
I.	GUARANTEES AND COLLATERALS	(1)	2.508.575	9.714.268	12.222.843	1.488.294	5.817.315	7.305.609
1.1	Letters of Guarantee		2.378.872	5.722.479	8.101.351	1.166.774	2.568.770	3.735.544
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		2.378.872	5.722.479	8.101.351	1.166.774	2.568.770	3.735.544
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	Documantery 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)	5.919.274	6.563.880	12.483.154	5.868.743	9.504.856	15.373.599
2.1	Irrevocable Commitments		5.412.991	428.175	5.841.166	5.057.907	270.614	5.328.521
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		5.294.811	35.502	5.330.313	5.004.309	21.676	5.025.985
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	12.151.339	91.308.115	103.459.454
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	12.151.339	64.811.078	76.962.417
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		-	-	-	-	17.438	17.438
3.2.3.1	Foreign Currency Options-Buy		-	-	-	-	8.719	8.719
3.2.3.2	Foreign Currency Options-Sell		-	-	-	-	8.719	8.719
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		-	-	-	97.902	-	97.902
B.	CUSTODY AND PLEDGES SECURITIES (IV+V+VI)		370.262.312	2.352.142.524	2.722.404.836	156.833.831	1.202.625.176	1.359.459.007
IV.	ITEMS HELD IN CUSTODY		3.731.818	3.967.284	7.699.102	3.204.952	2.527.015	5.731.967
4.1	Customers' Securities Held		-	-	-	-	-	-
4.2	Investment Securities Held in Custody		3.669.388	3.967.284	7.636.672	3.154.376	2.527.015	5.681.391
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		352.794.305	1.922.577.278	2.275.371.583	146.276.348	958.586.712	1.104.863.060
5.1	Marketable Securities		456.249	-	456.249	456.247	-	456.247
5.2	Guarantee Notes		176.420	3.109.710	3.286.130	132.137	2.558.202	2.690.339
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		247.791.048	1.299.807.377	1.547.598.425	90.235.278	699.164.881	789.400.159
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)			392.401.582	2.492.494.060	2.884.895.642	176.342.207	1.309.255.462	1.485.597.669

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

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

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

STATEMENT OF PROFIT OR LOSS		Note	Audited Current Period January 1, 2023 – December 31, 2023	Audited Prior Period January 1 2022 – December 31, 2022
<b>I.</b>	<b>INTEREST INCOME</b>	<b>(1)</b>	<b>18.772.862</b>	<b>10.374.234</b>
1.1	Interest on Loans		11.878.615	5.479.961
1.2	Interest Received from Reserve Deposits		82	309
1.3	Interest Received from Banks		166.348	43.217
1.4	Interest Received from Money Market Placements		1.645.886	662.270
1.5	Interest Received from Marketable Securities Portfolio		4.991.850	4.139.197
1.5.1	Fair Value Through Profit or Loss		1.931	3.241
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 Income		32.455	20.024
1.7	Other Interest Income		57.626	29.256
<b>II.</b>	<b>INTEREST EXPENSES (-)</b>	<b>(2)</b>	<b>8.064.017</b>	<b>3.503.653</b>
2.1	Interest on Deposits		-	-
2.2	Interest on Funds Borrowed		5.930.407	1.994.175
2.3	Interest on Money Market Borrowings		396.744	135.139
2.4	Interest on Securities Issued		1.656.777	1.353.995
2.5	Leasing Interest Expense		6.063	1.802
2.6	Other Interest Expense		74.026	18.542
<b>III.</b>	<b>NET INTEREST INCOME (I - II)</b>		<b>10.708.845</b>	<b>6.870.581</b>
<b>IV.</b>	<b>NET FEES AND COMMISSIONS INCOME / EXPENSES</b>		<b>686.569</b>	<b>341.520</b>
4.1	Fees and Commissions Received		756.646	378.823
4.1.1	Non-cash Loans		179.070	56.349
4.1.2	Other		577.576	322.474
4.2	Fees and Commissions Paid (-)		70.077	37.303
4.2.1	Non-cash Loans		23.764	9.269
4.2.2	Other		46.313	28.034
<b>V.</b>	<b>DIVIDEND INCOME</b>	<b>(3)</b>	<b>31.949</b>	<b>19.754</b>
<b>VI.</b>	<b>NET TRADING INCOME</b>	<b>(4)</b>	<b>1.731.490</b>	<b>835.825</b>
6.1	Securities Trading Gains / (Losses)		39.651	75.208
6.2	Derivative Financial Instruments Gains / Losses		1.894.932	2.495.067
6.3	Foreign Exchange Gains / Losses (Net)		(203.093)	(1.734.450)
<b>VII.</b>	<b>OTHER OPERATING INCOME</b>	<b>(5)</b>	<b>1.081.664</b>	<b>662.958</b>
<b>VIII.</b>	<b>GROSS OPERATING INCOME (III+IV+V+VI+VII)</b>		<b>14.240.517</b>	<b>8.730.638</b>
<b>IX.</b>	<b>EXPECTED CREDIT LOSSES (-)</b>	<b>(6)</b>	<b>3.219.196</b>	<b>2.582.020</b>
<b>X.</b>	<b>OTHER PROVISION EXPENSES (-)</b>	<b>(6)</b>	<b>870.000</b>	<b>574.403</b>
<b>XI.</b>	<b>PERSONNEL EXPENSES (-)</b>		<b>914.621</b>	<b>436.065</b>
<b>XII.</b>	<b>OTHER OPERATING EXPENSES (-)</b>	<b>(7)</b>	<b>744.030</b>	<b>398.871</b>
<b>XIII.</b>	<b>NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)</b>		<b>8.492.670</b>	<b>4.739.279</b>
<b>XIV.</b>	<b>AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER</b>		-	-
<b>XV.</b>	<b>PROFIT / (LOSS) ON EQUITY METHOD</b>		<b>996.857</b>	<b>486.962</b>
<b>XVI.</b>	<b>GAIN / (LOSS) ON NET MONETARY POSITION</b>		-	-
<b>XVII.</b>	<b>PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XIII+...+XVI)</b>		<b>9.489.527</b>	<b>5.226.241</b>
<b>XVIII.</b>	<b>TAX PROVISION FOR CONTINUED OPERATIONS (±)</b>	<b>(8)</b>	<b>2.339.601</b>	<b>1.120.502</b>
18.1	Provision for Current Income Taxes		3.045.111	1.558.007
18.2	Deferred Tax Income Effect (+)		958.614	602.980
18.3	Deferred Tax Expense Effect (-)		1.664.124	1.040.485
<b>XIX.</b>	<b>NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XVI±XVII)</b>	<b>(10)</b>	<b>7.149.926</b>	<b>4.105.739</b>
<b>XX.</b>	<b>INCOME ON DISCONTINUED OPERATIONS</b>		-	-
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		-	-
<b>XXI.</b>	<b>LOSS FROM DISCONTINUED OPERATIONS (-)</b>		-	-
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		-	-
<b>XXII.</b>	<b>PROFIT / (LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XX-XXI)</b>		-	-
<b>XXIII.</b>	<b>TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>		-	-
23.1	Provision for Current Income Taxes		-	-
23.2	Deferred Tax Expense Effect (+)		-	-
23.3	Deferred Tax Income Effect (-)		-	-
<b>XXIV.</b>	<b>NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)</b>		-	-
<b>XXV.</b>	<b>NET PROFIT/LOSS (XIX+XXIV)</b>	<b>(11)</b>	<b>7.149.926</b>	<b>4.105.739</b>
25.1	Group's Profit / Loss		6.965.044	3.980.412
25.2	Minority Shares (-)		184.882	125.327
	Earning / (loss) per share		2,488	1,422

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

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES**  
**CONSOLIDATED 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.)

		<b>Audited Current Period 1 January 2023 – 31 December 2023</b>	<b>Audited Prior Period 1 January 2022– 31 December 2022</b>
	<b>PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME</b>		
<b>I.</b>	<b>CURRENT PERIOD INCOME / LOSS</b>	<b>7.149.926</b>	<b>4.105.739</b>
<b>II.</b>	<b>OTHER COMPREHENSIVE INCOME</b>	<b>1.682.333</b>	<b>1.861.253</b>
<b>2.1</b>	<b>Not Reclassified Through Profit or Loss</b>	<b>2.435.242</b>	<b>813.751</b>
2.1.1	Property and Equipment Revaluation Increase / Decrease	956.784	721.212
2.1.2	Intangible Assets Revaluation Increase / Decrease	-	-
2.1.3	Defined Benefit Pension Plan Remeasurement Gain / Loss	3.035	4.451
2.1.4	Other Comprehensive Income Items Not Reclassified Through Profit or Loss	1.501.300	102.994
2.1.5	Tax Related Other Comprehensive Income Items Not Reclassified Through Profit or Loss	(25.877)	(14.906)
<b>2.2</b>	<b>Reclassified Through Profit or Loss</b>	<b>(752.909)</b>	<b>1.047.502</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	(646.352)	819.863
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	(395.533)	253.716
2.2.6	Tax Related Other Comprehensive Income Items Reclassified Through Profit or Loss	76.841	(95.051)
<b>III.</b>	<b>TOTAL COMPREHENSIVE INCOME (I+II)</b>	<b>8.832.259</b>	<b>5.966.992</b>

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

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CHANGES IN 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
I.	Prior Period – December 31, 2022																	
II.	Prior Period End Balance		2.800.000	1.012	-	374	433.530	(4.635)	70.849	104.425	(283.293)	141.817	2.609.620	1.058.956	-	6.932.655	89.111	7.021.766
	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	1.012	-	374	433.530	(4.635)	70.849	104.425	(283.293)	141.817	2.609.620	1.058.956	-	6.932.655	89.111	7.021.766
IV.	Total Comprehensive Income		-	-	-	-	707.311	3.672	102.768	68.974	724.812	253.716	-	-	3.980.412	5.841.665	125.327	5.966.992
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		-	(5)	-	-	-	-	-	-	-	-	(33)	150	-	112	4.045	4.157
XI.	Profit Distribution		-	-	-	-	-	-	-	-	-	-	1.093.336	(1.093.795)	-	(459)	-	(459)
11.1	Dividends Distributed		-	-	-	-	-	-	-	-	-	-	-	(268)	-	(268)	-	(268)
11.2	Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	1.050.211	(1.050.402)	-	(191)	-	(191)
11.3	Other		-	-	-	-	-	-	-	-	-	-	43.125	(43.125)	-	-	-	-
Period-End Balance (III+IV+.....+X+XI)			2.800.000	1.007	-	374	1.140.841	(963)	173.617	173.399	441.519	395.533	3.702.923	(34.689)	3.980.412	12.773.973	218.483	12.992.456

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 Translation 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 consolidated financial statements.

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD 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
	Current Period – December 31, 2023																	
I.	Prior Period End Balance		2.800.000	1.007	-	374	1.140.841	(963)	173.617	173.399	441.519	395.533	3.702.923	3.945.723	-	12.773.973	218.483	12.992.456
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	1.007	-	374	1.140.841	(963)	173.617	173.399	441.519	395.533	3.702.923	3.945.723	-	12.773.973	218.483	12.992.456
IV.	Total Comprehensive Income		-	-	-	-	930.636	2.233	1.502.373	212.135	(569.511)	(395.533)	-	-	6.965.044	8.647.377	184.882	8.832.259
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		-	-	-	-	-	-	-	-	-	-	-	-	-	-	337	337
XI.	Profit Distribution		-	-	-	14.284	-	-	-	-	-	-	4.042.385	(4.056.669)	-	-	-	-
11.1	Dividends Distributed		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	3.897.097	(3.897.097)	-	-	-	-
11.3	Other		-	-	-	14.284	-	-	-	-	-	-	145.288	(159.572)	-	-	-	-
	Period-End Balance(III+IV+.....+X+XI)		2.800.000	1.007	-	14.658	2.071.477	1.270	1.675.990	385.534	(127.992)	-	7.745.308	(110.946)	6.965.044	21.421.350	403.702	21.825.052

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 Translation 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 consolidated financial statements.

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

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

	Note	Audited Current Period 31 December 2023	Reviewed 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>6.400.909</b>	<b>8.571.547</b>
1.1.1 Interest Received		14.430.454	9.541.329
1.1.2 Interest Paid		(6.918.889)	(3.062.692)
1.1.3 Dividends Received		31.949	19.754
1.1.4 Fees and Commissions Received		756.646	378.823
1.1.5 Other Income		254.003	662.337
1.1.6 Collections from Previously Written off Loans		286.856	117.470
1.1.7 Payments to Personnel and Service Suppliers		(1.086.652)	(491.270)
1.1.8 Taxes Paid		(2.230.021)	(1.025.493)
1.1.9 Others		876.563	2.431.289
<b>1.2 Changes in Operating Assets and Liabilities</b>		<b>(7.996.481)</b>	<b>699.609</b>
1.2.1 Net (Increase) (Decrease) in Financial Assets at Fair Value through Profit or Loss		42.469	(1.415.779)
1.2.2 Net (Increase) (Decrease) in Due from Banks		-	-
1.2.3 Net (Increase) (Decrease) in Loans		(3.435.217)	4.528.036
1.2.4 Net (Increase) (Decrease) in Other Assets		(1.018.740)	(550.635)
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		(5.028.209)	(4.098.574)
1.2.9 Net (Increase) (Decrease) in Matured Payable		-	-
1.2.10 Net (Increase) (Decrease) in Other Liabilities		1.443.216	2.236.561
<b>I. Net Cash Provided by / (used in) Banking Operations</b>		<b>(1.595.572)</b>	<b>9.271.156</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>II. Net Cash Provided by / (used in) Investing Activities</b>		<b>3.662.492</b>	<b>(4.160.936)</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		-	721
2.3 Purchases of Property and Equipment		(55.399)	(22.349)
2.4 Disposals of Property and Equipment		1.714	276
2.5 Purchase of Financial Assets at Fair Value through Other Comprehensive Income		(2.133.580)	(3.118.513)
2.6 Sale of Financial Assets at Fair Value through Other Comprehensive Income		5.998.935	5.066.279
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		(7.648)	(1.746)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III. Net Cash Provided by / (used in) Financing Activities</b>		<b>1.846.178</b>	<b>(1.308.803)</b>
3.1 Cash Obtained From Funds Borrowed and Securities Issued		9.505.148	4.275.476
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued		(7.610.532)	(5.559.206)
3.3 Capital Increase		-	-
3.4 Dividends Paid		-	(268)
3.5 Payments for Financial Leases		(48.438)	(24.805)
3.6 Other		-	-
<b>IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents</b>		<b>903.643</b>	<b>178.759</b>
<b>V. Net Increase in Cash and Cash Equivalents</b>		<b>4.816.741</b>	<b>3.980.176</b>
<b>VI. Cash and Cash Equivalents at Beginning of the Period</b>		<b>7.641.294</b>	<b>3.661.118</b>
<b>VII. Cash and Cash Equivalents at End of the Period</b>		<b>12.458.035</b>	<b>7.641.294</b>

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



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

(Amounts 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 dividend distribution proposal for 2023 to be submitted to the approval of the General Assembly has not yet been prepared by the Board of Directors, only the distributable profit amount is specified in the dividend distribution table for 2023.

(2) In the Income Statement and Profit Distribution Statement, one share is nominal for 1 penny and profit per share is calculated for 1 penny nominal share.

(3) Amounts for the current period and the previous period are deferred tax income.

(4) The dividend distribution statement for the previous period was finalized by the Ordinary General Assembly resolution dated March 29, 2022, after the date of publication of the independently audited financial statements dated December 31, 2022, and was revised accordingly.

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

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

(Amounts 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 consolidated 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 regulations, communiqués, interpretations and legislations related to accounting and financial reporting principles published by the Banking Regulation and Supervision Agency ("BRSA").

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

The format and content of the accompanying consolidated 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."

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.

Based on this, "TAS 29 Financial Reporting in Hyperinflation Economies" has not been applied in the consolidated financial statements as of 31 December 2023.

**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 XXIII.

Since the interim financial statements prepared as of December 31, 2023 are intended to update the financial information contained in the most recent annual financial statements, the Bank has made certain estimates in the calculation of expected loan losses and disclosed them in footnote IX "Disclosures on impairment of financial assets". In the following periods, the Bank will update its relevant assumptions to the extent necessary and review the realization of its retrospective forecasts.

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

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

**SECTION THREE**

**ACCOUNTING POLICIES**

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

**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**

The IAS/IFRS amendments, which entered into force effective January 1, 2023, do not have a significant impact on the Bank's accounting policies, financial position and performance. Amendments to the IAS and IFRS, which have been published but have not entered into force as of the date of finalization of the financial statements, will not have a material impact on the Bank's accounting policies, financial position and performance.

**I.d The items for which different accounting policies were applied while preparing the consolidated financial statements and their ratios to the total of the related items in the consolidated financial statements**

Different accounting policies are not applied while preparing the consolidated financial statements.

**I.e Other**

The conflict between Russia and Ukraine since January 2022 still continues as of the report date. The Group does not carry out any activities in these two countries that are subject to the crisis. Considering the geographies in which the Group operates, no direct impact is expected on Group operations. However, since the course of the crisis is uncertain as of the report date, developments that may occur on a global scale, and the effects of these developments on the global and regional economy, on the Bank's operations are closely monitored and taken into account with the best estimation approach in the preparation of the financial statements.

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

The main sources of the funds of the Group 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.

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

(Amounts 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)**

Due to the fact that the great majority of the loans extended by the the Group 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 indebtness securities portfolio have the attribute of eliminating the risks of interest rate volatility.

The fixed rate Subordinated bond, Eurobond and Greenbond issued by the Group 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 financial liabilities. The changes in the fair value of the hedged fixed rate financial liabilities and hedging interest 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.

The Group 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 Parent 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.

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

(Amounts 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 Parent Bank's foreign currency capital instruments, the fair value difference of which is reflected in other comprehensive income, are largely financed by foreign currency sources. Thus, protection is provided against the possibility of depreciation of the Turkish Lira against other currencies. In order to protect against parity changes, the currency basket balance created by the specified currencies is used. Interest rate risk is reduced by creating an asset composition of the resources used in accordance with the fixed/variable cost structure. What are the currency hedging strategies arising from other foreign currency transactions: A balanced strategy is followed in terms of currency position; In order to hedge against parity risk, the current currency position is monitored according to a basket balance in certain currencies.

Exchange rate difference revenues and expenses arising from foreign currency transactions were recorded in the period in which the transaction was carried out. At the end of the period, the balances of foreign currency active and passive accounts are calculated at the end of the period.

The Parent Company Bank was converted into Turkish Lira by being subjected to an evaluation from the box office exchange rates and the resulting exchange rate differences were reflected in the records as foreign exchange profit or loss.

**III. Explanations on associates and subsidiaries**

Explanations about the Parent Bank and its subsidiaries and associates subject to consolidation are described in General Information Section VI.

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

The Parent 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 Group 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 Group 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 transaction.

In the initial design of a derivative financial instrument as a hedge, the Parent Bank discloses in writing the relationship between the hedged item and the hedging instrument, the risk management objectives and strategies of the relevant hedge, and the methods to be used to measure the hedge's effectiveness. . At the beginning of the association and during the ongoing process, the Parent Bank evaluates whether the hedging method is effective on the changes in the expected fair values of the related instruments during the period in which the method is applied, or whether the effectiveness of each hedge in the actual results is in the range of 80% - 125%.

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

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

**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**V. Explanations on associates and subsidiaries**

The Parent Bank's financial subsidiaries' are reflected the consolidated financial statements according to the equity method in accordance with TAS 28 - Investment in Associates and Joint Ventures Related to the Turkish Accounting Standards. Unconsolidated and non financial subsidiaries and associates are presented in the financial statements in accordance with the “TAS 27-Separate Financial Statements” standard with their cost values after the deduction of, if any, impairment losses.

**VI. 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 an accrual basis using the effective interest rate 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 creditloss 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 recorded at their fair values and are accounted for on an accrual basis using the effective interest method (the rate that equates the future cash flows of the financial asset or liability to its current net book value) considering the current principal amount.

**VII. 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. Income from asset purchases to a third party or by natural or legal persons contracts are recognized in the period they occur.

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

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

**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**VIII. 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.



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

**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**VIII. Explanations on financial assets**

**Assessment of business model**

As per TFRS 9, the Parent 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 does not depend on the intent of the management on an individual financial intermediary, so the condition is not a classification approach on the basis of a financial instrument but an evaluation by combining the financial assets. When the business model used for the management of financial assets is being evaluated, all evidence is taken into account. Such evidence includes the following:

- How the performance of financial assets held by the business model and business model is reported by the key executive personnel,
- Risks affecting the performance of the business model (financial assets held within the business model) and, in particular type of management and
- How the additional payments to the managers are determined (for example, whether additional payments are determined according to the fair value of the assets being managed or on the contractual cash flows collected).

Business model evaluation is not based on scenarios in which the operator is not expected to be at a reasonable level, such as the "worst case" or "pressure case" scenarios. The same business model does not require a change in the classification of other financial assets as long as the cash flows are realized differently from the expected future date when the business model is assessed, the error correction is made in the financial statements or all relevant information available at the time of the valuation of the business model is taken into account. However, when evaluating the business model for newly created or newly acquired financial assets, information about how past cash flows have been taken into account along with other relevant information is also taken into account. The business models that comprise the bet are composed of three categories. These categories are as follows:

- Business model aimed to hold assets in order to collect contractual cash flows: This is a 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. The financial assets that are held within the scope of this business model are measured at amortized cost when the contractual terms of the financial asset meet the condition of giving rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

- Business model whose objective is to hold assets in order to collect contractual cash flows: The Parent Bank may hold financial assets in this 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.

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

**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

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

**The contractual cash flows including solely principle and interest on principle**

As per TFRS 9, the Parent 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 consideration of credit risk are often the most important element of interest. In order to assess whether the element provides consideration for only the passage of time, an entity applies judgement and considers relevant factors such as the currency in which the financial asset is denominated and the period for which the interest rate is set. When the contractual conditions are exposed to the risks which are not consistent with the basic lending arrangement or variability of cash flows, the relevant financial asset is measured at fair value through profit or loss.

**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 whose fair value difference is reflected in profit/loss, financial assets managed by other models other than the business model aimed at retaining contractual cash flows to collect and the business model aimed at collecting and selling contractual cash flows, and the contractual terms of the financial asset do not lead to cash flows that include interest payments arising only from the principal and principal balance on certain dates; are financial assets that are acquired in order to profit from fluctuations in price and similar factors that occur in the market in the short term, or that are part of a portfolio intended to make a profit in the short term, regardless of the reason for which they are obtained.

At the first time of disbursement, the parent company Bank exercised the option of classifying some of its loans and issued securities as financial assets/liabilities irrevocably with fair value differences reflected in profit/loss in order to eliminate accounting discrepancies in accordance with IFRS 9.

Financial assets whose fair value difference is reflected in profit/loss are recorded with their fair values and are subject to valuation with their fair values following their registration. The gains and losses resulting from the valuation are included in the profit / loss calculations.

In line with the Uniform Chart of Accounts (CIP) statements, the positive difference between the cost of acquisition 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 in the "Capital Market Operations Profits" account, and if the fair value is below the discounted value, the negative difference between the discounted value and the fair value is "Capital Market Operations Losses" account. In the event that the financial asset is disposed of before maturity, the gains or losses incurred are recognized within the same principles.

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**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

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

**Measurement categories of financial assets and liabilities (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 a irrevocable was 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.

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.

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**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

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

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

The Parent 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 consolidated 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 Parent 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.

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

As of January 1, 2018, loss allowance for expected credit losses is recognised on financial assets and loans measured at amortized cost, financial assests measured at fair value through other comprehensive income, loan commitments and financial guarantee contracts not measured at fair value through profit or loss based on TFRS 9 and 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, it shall be assessed whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, it shall be used the change in the risk of a default occuring for the financial instrument.

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**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**IX. 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 Parent 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)**

**IX. 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 Parent 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 Parent Bank and its consolidated financial subsidiaries is based on a more than 90 days past due definition.
2. Subjective Default Definition: It means the conviction that the debt will not be paid. If the borrower is deemed to be unable to perform its obligations on the loan, the borrower should be considered in default, regardless of whether there is a pending balance or the number of days of default.

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

In accordance with TFRS 9, impairment provisions are applied for financial assets measured at fair value through other comprehensive income when recognizing and measuring expected loss provision. However, the carrying amount of the financial asset at fair value through other comprehensive income is not reduced in the statement of financial position. The expected loss provision is recognized in other comprehensive income and when the related financial asset is derecognised, the expected loss provision previously recognized in other comprehensive income is classified in the income statement.

**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 Parent 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) due to the significant increase in credit risk.

Quantitative assessments compare the relative change between the probability of default (PR) measured at the transaction date and the PD measured at the report date. In the event of a significant deterioration in PD, the credit risk is considered to have increased significantly and the financial asset is classified as Tier 2. In this context, the Parent Bank calculated threshold values to determine at what rate the relative change is a significant deterioration.

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**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

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

**Significant increase in credit risk (continued)**

When determining the significant increase in the parent bank credit risk, The Parent 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.

Within the scope of qualitative assessments, if any of the following conditions are met, the related financial asset is classified as Stage 2.

- 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

Three scenarios are used in forward-looking expectations: base, bad and good. Final provisions are calculated by weighting over the probabilities given to the scenarios. In addition, for the impacts that may be encountered, the parent Bank has also established additional provisions for the sector and customers where the impact is thought to be high by making individual valuations for risks that cannot be captured through the models in the calculation of the expected loan loss.

This approach, which is preferred in provision calculations, will be reviewed in the following reporting periods by considering the effect of the pandemic, portfolio and future expectations.



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**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

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

**a. Offsetting of financial instruments**

Financial assets and liabilities are offset when a legally enforceable right to set off or when the Parent Bank has the intention of collecting or paying the net amount of related assets and liabilities, and they are shown in the financial statements with their net amounts. 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 Parent 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 Parent 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.

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**ACCOUNTING POLICIES (Continued)**

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

**c. Reclassification of financial instruments**

Based on TFRS 9, the Parent 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 Parent Bank's financial assets reclassification details are presented in Section 3, Note VIII.

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

The Parent 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 Parent 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 group encounter 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.

Restruered 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 restrucred debt will be paid on time (starting from the date when the debt is restrucred all due principal and interest payments are made on time).
- At least 2 years should pass over the date of restrucred (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 restrucred /refinancing shall be paid and no overdue amount (principal and interest) shall remain at the date of restrucred / refinancing.

In order for the restrucred non-performing loans to be classified to the watchlist category, the following conditions must be met:

- Recovery in debt service
- At least one year should pass over the date of restrucred
- Payment of all accrued and overdue amounts by debtor (interest and principal) since the date of restrucred /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 restrucred /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 restrucred/refinancing, if there is a new restrucred/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)**

**XI. 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 Group 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.

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

Assets that meet the criteria to be classified as held for sale; Book values and costs to be incurred for sales are measured by the lower of their fair value, which has been deducted. Depreciation on these assets is stopped, and these assets are presented separately on the balance sheet. In order for an asset to be an asset held for sale; The relevant asset (or group of assets to be disposed of) must be in a position to be sold immediately within the framework of common and customary conditions and the probability of sale must be high. In order for the probability of sales to be high; A plan for the sale of the asset (or group of assets to be disposed of) must have been made by an appropriate management level and an active program for the identification of buyers and completion of the plan must have been initiated. In addition, the asset (or group of assets to be disposed of) must be actively marketed at a price that is compatible with its fair value. In addition, the sale must be expected to be recognized as a completed sale within one year from the date of classification, and the actions required to complete the plan must demonstrate that significant changes to the plan are unlikely to be made or the plan will be canceled.

Various events or circumstances can extend the completion time of the sale transaction to more than one year. Assets will continue to be classified as assets held for sale if the delay was caused by events or circumstances beyond the control of the entity and there is sufficient evidence that the entity's plan to sell the relevant asset (or group of assets to be disposed of) is in progress.

A discontinued activity is a division of a bank that is classified as being disposed of or held for the purpose of sale. Results for discontinued operations are presented separately in the income statement.

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**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**XIII. 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.

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.

**XIV. 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 expenses incurred on property, plant and equipment are recognized as expense.

Since the third quarter of 2015, the Group has changed its accounting policy and adopted the revaluation method within the scope of IAS 16 in the valuation of buildings and land. The redemption period of the properties is specified in the appraisal report. In the event that the cost price is above the "Net realizable value" of the relevant tangible asset estimated within the framework of the "Turkish Accounting Standard for Impairment from Assets" ("TAS 36"), the value of the asset in question is reduced to the "Net realizable value" and is associated with the expense accounts for the allocated impairment. The positive difference between the real estate values in the appraisal report prepared by the companies authorized in the field of independent valuation and the net book value of the related properties is followed in the equity accounts. In the valuation of immovables, cost method approach, precedent comparison and income reduction methods were taken into consideration to the extent of their applicability to real estate. Normal maintenance and repair expenses on tangible assets are recognized as expenses. There are no pledges, mortgages and similar takyidat on tangible assets. Tangible assets are depreciated by applying the linear depreciation method and their useful lives are determined according to the IAS.

In 2023, the positive difference between the real estate values in the renewed appraisal reports prepared by licensed appraisal companies and the net book value of the relevant real estate is monitored in the equity accounts.

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**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**XIV. Disclosures 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
Buildings	50	2
Other Tangible Assets	1-50	2-100

***Investment Properties***

Investment properties are real estate held to earn rent income, gain in value or both. An investment property is recognized as an asset if it is probable that future economic benefits related to the property will be available to operate and the cost of the investment property can be reliably measured. The fair value model has been chosen for valuation of investment properties. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

**XV. Explanations on leasing transactions**

**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. 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 recognised,
- (b) lease payments made at or before the commencement date less any lease incentives received,  
and
- (c) All initial direct costs incurred by the parent Bank.

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**ACCOUNTING POLICIES (Continued)**

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

**TFRS 16 Leases (continued)**

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.

The At the commencement date of the lease, the 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 were not paid at the commencement date of the lease:

- a) Fixed payments,
- b) Variable rental payments based on an index or rate, the initial measurement of which is made using an index or rate on the date the lease actually begins,
- c) Amounts expected to be paid by the Parent Bank under residual value commitments
- d) If the parent company is reasonably confident that the Bank will exercise the purchase option, the exercise price of this option and
- e) Penalty payments for termination of the lease if the lease term shows that the Parent Bank will exercise an option to terminate the lease.

Variable lease payments that do not depend on an index or rate are recognized as an expense in the period when the event or condition that triggers the payment occurs. The Parent Bank uses the revised discount rate for the remainder of the lease term, as this rate if the implied interest rate in the lease can be easily determined; If it cannot be determined easily, the Parent Bank determines it as the alternative borrowing interest rate at the date of reassessment.

After the lease actually commenced, the Parent Bank measures the lease liability as follows:

- (a) Increase the carrying amount to reflect the interest on the lease liability, and
- (b) Decreases book value to reflect lease payments made.

In addition, if there is a change in the lease term, a change in the underlying fixed lease payments, or a change in the assessment of the option to purchase the underlying asset, the value of the finance lease liabilities is remeasured.

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**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

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

**TFRS 16 Leases (continued)**

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

The Parent 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.

***The Group as Lessor***

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group'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 Group's net investment outstanding in respect of the leases.

***The Group as Lessee***

Assets held under finance leases are recognized as assets of the Group 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 Group'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 on right of use are recorded separately.

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**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**XVI. 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 Group discloses the issues mentioned in notes to financial statements. Provisions are determined by using the Parent Bank's best expectation of expenses in fulfilling the obligation, and discounted to present value if material.

***Explanations on contingent assets***

Contingent assets consist of unplanned or other unexpected events that usually cause a possible inflow of economic benefits to the Group. 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 Parent 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 Parent 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.

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

According to the provisions of the current laws and collective bargaining agreements in Turkey, severance pay is paid in case of retirement or dismissal. The group records the severance pay provision by estimating the present value of its likely future liability in the event of retirement or dismissal. There are no severance and notice payments obligations arising from employees employed on a fixed-term contract whose contract will expire more than 12 months from the date of the balance sheet. Actuarial losses and gains incurred after January 1, 2013 are recognized under shareholders' equity in accordance with the revised IAS 19 standard.

Employees of the parent Bank, Industrial Development Bank of Turkey Joint Stock Company, Civil Servants and Contractors Assistance and Pension Foundation and Members of the Industrial Development Bank of Turkey are members of the Munzam Social Security and Assistance Foundation ("Funds"). The technical financial statements of the said Funds are audited by an actuary registered in the register of actuaries in accordance with the provisions of the Insurance Law and the "Regulation on Actuaries" issued pursuant to this law.

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.



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**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

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

The first paragraph of the provisional Article 23 of the Banking Law No. 5411 ("Banking Law") published in the Official Gazette dated November 1, 2005 and numbered 25983 contains the provision that bank funds shall be transferred to the Social Insurance Institution within 3 years from the date of publication of the Banking Law. According to the Banking Law; A commission consisting of representatives from various organizations shall calculate the liability according to actuarial calculations, taking into account the income and expenses of the fund, on the basis of the circuit for each ballot box. The specified obligation shall be paid in equal annual installments for not more than 15 years. However, the said article of the Banking Law was annulled by the Constitutional Court's decision dated March 22, 2007, E. 2005/39, K. 2007/33 published in the Official Gazette dated March 31, 2007 and numbered 26479, and its validity was suspended as of the date of publication of the decision, and the reasoned decision on the cancellation of the relevant paragraph was published in the Official Gazette dated December 15, 2007 and numbered 26731.

Following the publication of the Constitutional Court's reasoned decision on the annulment, the relevant articles of the Social Security Law No. 5754 regulating the principles regarding the transfer of the Principal Bank fund participants to the Social Security Institution were adopted by the TGNA on April 17, 2008 and entered into force by being published in the Official Gazette dated May 8, 2008 and numbered 26870.

The Social Security Law provides that the cash value of the liability in relation to the transferred persons as of the date of transfer; that the technical interest rate to be used in the actuarial account shall be 9,80% shall be determined by a commission consisting of representatives of the Social Security Institution, the Ministry of Finance, the Undersecretariat of the Treasury, the Undersecretariat of the State Planning Organization, the BRSA, the SDIF, the Bank and the Funds, if the income and expenses of the funds in respect of the insurance branches covered by the Social Security Law and the monthly and revenues paid by the funds are above the monthly and revenues within the framework of the regulations of the Social Security Institution. It stipulates that it will be calculated taking into account the differences and that the transfer will be completed within a period of 3 years starting from January 1, 2008.

Within the scope of the Provisional Article 20 of Article 73 of the Social Security Law No. 5754 dated April 17, 2008 ("Law") published in the Official Gazette dated May 8, 2008 and numbered 26870; It is envisaged that the ballot boxes will be transferred to the SSI within three years following the publication of the law. With the amendment in the first paragraph of the Provisional Article 20 of the Social Insurance and General Health Insurance Law No. 5510 published in the Official Gazette dated March 8, 2012 and numbered 28227, the 2-year postponement authority granted to the Council of Ministers was extended to 4 years. With the decision of the Council of Ministers published in the Official Gazette dated April 9, 2011 and numbered 27900, it was decided to extend the transfer process for 2 years. Accordingly, the transfer had to be completed by 8 May 2013. This time, with the Decision of the Council of Ministers No. 2013/467 published in the Official Gazette dated May 3, 2013 and numbered 28636, this period is extended for another 1 year and the transfer must be completed by May 8, 2014. However, since the transfer procedures did not take place, it was decided to extend the period for the transfer for another year with the Decision of the Council of Ministers published in the Official Gazette No. 28987 dated April 30, 2014. In accordance with the provision of the Law on Occupational Health and Safety dated April 4, 2015 and numbered 6645, which was published in the Official Gazette dated April 23, 2015 and numbered 29335 and entered into force, and the Law on the Amendment of Some Laws and Decree Laws, the Council of Ministers was authorized to determine the transfer date to the Social Security Institution and the transfer of the ballot boxes was postponed to an unknown date.

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**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**XVII. Explanations on liabilities regarding employee benefits (continued)**

This authority has passed to the President by Decree Law No. 703 published in the Official Gazette No. 30473 dated July 9, 2018. In accordance with the Social Security Law, after the transfer of the monthly and/or income to the participants of the ballot boxes and their beneficiaries to the Social Security Institution, the other social rights and payments of these persons that are not covered despite being included in the foundation deed to which they are subject will continue to be covered by the organizations employing the participants of the chests and the polling stations.

As of December 31, 2023, the cash value of the principal obligations of the parent company Bank for the Assistance and Pension of Civil Servants and Contractors of TSKB A.Ş. Civil Servants and Contractors Assistance and Pension Foundation was calculated by an independent actuary using the actuarial assumptions specified in the Law and according to the actuary's report dated January 15, 2024, no technical or actual deficit requiring provision as of December 31, 2023 was identified. In addition, the management of the Parent Bank foresees that the amount of the possible liability that may arise during and after the transfer to be made within the framework specified above will be at a level that can be met by the assets of the Fund and will not impose any additional burden on the Parent Bank.

**XVIII. Explanations on taxation**

Corporate income tax consists of the sum of current tax expense and deferred tax income or expense. The tax liability for the current year is calculated on the taxable portion of the profit for the period. Taxable profit is calculated by taking into account items of income or expenses that are taxable or deductible from the tax base, as well as items that cannot be taxed or deducted from the tax base. Taxable profit therefore differs from the profit stated 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 calculations of the period tax

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.

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**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**XVIII. Explanations on taxation ( Continued)**

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.

With the Communiqué on the Amendment of the General Communiqué on the Tax Procedure Law No. 547 (serial no. 537) published in the Official Gazette dated January 14, 2023 and numbered 32073, the procedures and principles of the articles of the law that allow the revaluation of immovables and depreciable economic assets have been rearranged. Accordingly, the Bank has revalued some of its assets on its balance sheet until 30 September 2023, provided that the conditions set forth in the provisions of the Provisional Article 32 of the Tax Procedure Law and the Repetitive Article 298/ç are met. As of December 31, 2023, no revaluation was implemented due to the fact that the financial statements were 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 temporary differences between the amounts of assets and liabilities shown in the financial statements and the taxable value determined in accordance with the tax legislation, and the amounts that will be taken into account in the calculation of financial profit/loss in the following periods, taking into account the legal tax rates according to the balance sheet method. Deferred tax liabilities are calculated for all taxable transient differences, while deferred tax assets consisting of deductible transient differences are calculated on the condition that it is highly likely to benefit from these differences by making taxable profits 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)**

**XVIII. 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***

The issue of transfer pricing is regulated by Article 13 of the Corporate Tax Law titled "Distribution of Implicit Earnings through Transfer Pricing", and detailed explanations on the subject are included in the "General Communiqué on Implicit Profit Distribution through Transfer Pricing". Pursuant to these regulations, in the event that goods or services are purchased or sold with related persons/organizations at the price determined in violation of the arm's length principle, the gain is deemed to be distributed implicitly through transfer pricing and the distribution of earnings of this nature is not subject to deduction in terms of corporate tax.

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**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**XIX. Additional explanations on borrowings**

The Parent Bank borrows funds from domestic and foreign institutions borrowing from 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 Parent 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.

**XX. 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.

**XXI. 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.

**XXII. Explanations on government incentives**

The Parent Bank does not use government incentives.

**XXIII. Explanations on segment reporting**

In accordance with its mission, the main shareholder Bank operates mainly in the fields of corporate banking and investment banking. Corporate banking provides financial solutions and banking services to medium and large corporate clients. Services offered to corporate customers include foreign trade transactions services covering investment loans, project finance, business loans on TL and foreign currency basis, letters of credit and letters of guarantee, and externally guaranteed letters of guarantee.

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**SECTION THREE (Continued)**

**ACCOUNTING POLICIES (Continued)**

**XXIII. Explanations on segment reporting (continued)**

Investment banking operating income includes revenues from Treasury transactions and Corporate Finance activities. Within the scope of investment banking activities, in addition to the fund management of the Parent Bank, all kinds of corporate finance services are offered to corporate customers along with Securities brokerage transactions, cash management and derivative transactions.

The segmental allocation of the Group'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	474.445	10.708.845
Net Fees and Commission Income	172.909	272.845	240.815	686.569
Other Income	182.988	1.698.299	1.960.673	3.841.960
Other Expense	(3.353.789)	(135.988)	(2.258.070)	(5.747.847)
Profit Before Tax	2.533.250	6.538.414	417.863	9.489.527
Tax Provision				(2.339.601)
<b>Net Profit</b>				<b>7.149.926</b>
Group's profit / loss				6.965.044
Minority share profit / loss				184.882
<b>Current Period</b>	<b>Kurumsal Bankacılık</b>	<b>Yatırım Bankacılığı</b>	<b>Diğer</b>	<b>Toplam</b>
Segment Assets	121.922.873	44.875.480	11.175.591	177.973.944
Investment in Associates and Subsidiaries	-	-	2.939.908	2.939.908
<b>Total Assets</b>	<b>121.922.873</b>	<b>44.875.480</b>	<b>14.115.499</b>	<b>180.913.852</b>
Segment Liabilities	145.121.291	2.481.059	11.486.450	159.088.800
Shareholders' Equity	-	-	21.825.052	21.825.052
<b>Total Liabilities</b>	<b>145.121.291</b>	<b>2.481.059</b>	<b>33.311.502</b>	<b>180.913.852</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	135.260	6.870.581
Net Fees and Commission Income	52.564	102.533	186.423	341.520
Other Income	-	800.919	1.204.580	2.005.499
Other Expense	(2.678.279)	(117.221)	(1.195.859)	(3.991.359)
Profit Before Tax	180.899	4.714.938	330.404	5.226.241
Tax Provision				(1.120.502)
<b>Net Profit</b>				<b>4.105.739</b>
Group's profit / loss				3.980.412
Minority share profit / loss				125.327
<b>Prior Period (**)</b>	<b>Corporate Banking</b>	<b>Investment Banking</b>	<b>Other</b>	<b>Total</b>
Segment Assets	74.787.609	35.296.220	5.986.483	116.070.312
Investment in Associates and Subsidiaries	-	-	1.551.348	1.551.348
<b>Total Assets</b>	<b>74.787.609</b>	<b>35.296.220</b>	<b>7.537.831</b>	<b>117.621.660</b>
Segment Liabilities	93.477.043	3.656.787	7.495.374	104.629.204
Shareholders' Equity	-	-	12.992.456	12.992.456
<b>Total Liabilities</b>	<b>93.477.043</b>	<b>3.656.787</b>	<b>20.487.830</b>	<b>117.621.660</b>

**XXIV. Explanations of other matters**

None.

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**SECTION FOUR**

**INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT**

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

The amount of equity and the standard ratio of capital adequacy were calculated within the framework of the "Regulation on the Equity of Banks" and the "Regulation on the Measurement and Evaluation of the Capital Adequacy of Banks", as well as in accordance with the BRSA's regulations dated 23 March 2020 and numbered 3397. The Group's standard ratio of capital adequacy calculated as of December 31, 2023 is 25,96% (December 31, 2022: 22,40%).

In accordance with the Regulation on the Measurement and Evaluation of the Capital Adequacy of Banks specified in the Board Decision dated 28 April 2022 and numbered 9996 and published in the Official Gazette dated 23 October 2015 and numbered 29511, in the calculation of the amount based on credit risk; the application for the use of the exchange rate of the Central Bank of the Republic of Turkey (Central Bank) for 31 December 2021 when calculating the amounts of monetary assets and non-monetary assets that are valued in accordance with Turkish Accounting Standards and related special reserve amounts other than items in foreign currency measured in terms of historical cost; Until a Board Decision to the contrary is taken, it is allowed to continue by using the Central Bank exchange rate for 30 December 2022.

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 5 October 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.

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**SECTION FOUR (Continued)**

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

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

	Consolidated	Consolidated
CORE EQUITY TIER 1 CAPITAL	Current Period	Prior Period
Paid-in capital to be entitled for compensation after all creditors	2.800.374	2.800.374
Share premiums	1.007	1.007
Reserves	7.745.308	3.702.923
Other comprehensive income according to TAS	4.357.068	2.734.347
Profit	6.854.098	3.945.723
Current Period Profit	6.965.044	3.980.412
Prior Period Profit	(110.946)	(34.689)
Bonus shares from associates, subsidiaries and joint-ventures not accounted in current period's profit	-	-
Minority shareholder	403.702	218.483
<b>Core Equity Tier 1 Capital Before Deductions</b>	<b>22.161.557</b>	<b>13.402.857</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	233.889	242.520
Leasehold improvements on operational leases	6.744	4.952
Goodwill (net of related tax liability)	1.005	1.005
Other intangible assets other than mortgage-servicing rights (net of related tax liability)	7.113	3.273
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
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	786.083	262.115
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	-	-



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**SECTION FOUR (Continued)**

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

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

The amount of overage resulting from net long positions of investments in the core capital elements of banks and financial institutions in which more than 10% of the shareholding is owned and not consolidated	-	-
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 I Capital</b>	<b>1.034.834</b>	<b>513.865</b>
<b>Core Equity Tier I Capital</b>	<b>21.126.723</b>	<b>12.888.992</b>
<b>ADDITIONAL TIER I CAPITAL</b>		
Preferred stock not included in core equity and 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)	-	-
Shares of Third Parties in Additional Tier I Capital	-	-
Shares of Third Parties in Additional Tier I Capital (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 i capital	-	-
The total of net long position of the direct or indirect investments in additional Tier I capital of unconsolidated banks and financial institutions where the bank owns more than 10% of the issued share capital	-	-
Other items to be defined by the BRSA	-	-
<b>Items to be Deducted from Tier I Capital during the Transition Period</b>		
Goodwill and other intangible assets and related deferred 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 (-)	-	-
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>-</b>	<b>-</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>26.997.823</b>	<b>16.610.292</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)	1.222.464	874.682
Shares of Third Parties in Tier II Capital	-	-
Shares of Third Parties in Tier II Capital (Temporary Article 3)	-	-
<b>Tier II Capital Before Deductions</b>	<b>1.222.464</b>	<b>874.682</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.	-	-

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**SECTION FOUR (Continued)**

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

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

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>1.222.464</b>	<b>874.682</b>
<b>Total Capital (The sum of Tier I Capital and Tier II Capital)</b>	<b>28.220.287</b>	<b>17.484.974</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	-	-
<b>CAPITAL</b>		
Total Capital (Total of Tier I Capital and Tier II Capital)	<b>28.220.287</b>	<b>17.484.974</b>
Total Risk Weighted Assets	108.714.184	78.041.838
<b>CAPITAL ADEQUACY RATIOS</b>		
Consolidated Core Capital Adequacy Ratio (%)	19,43	16,52
Consolidated Tier I Capital Adequacy Ratio (%)	24,83	21,28
Consolidated Capital Adequacy Ratio (%)	25,96	22,40
<b>BUFFERS</b>		
Total buffer requirement (a+b+c)	19,43	16,52
(a) Capital conservation buffer requirement (%)	24,83	21,28
(b) Bank specific counter-cyclical buffer requirement (%)	25,96	22,40
(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	14,93	12,02
<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	2.150.910	1.293.262
Remaining mortgage servicing rights	-	-
Excess amount arising from deferred tax assets from temporary differences	-	-

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**SECTION FOUR (Continued)**

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

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

<b>Limits Related to Provisions Considered in Tier II Calculation</b>		
General reserves for receivables where the standard approach used (before tenthousandtwentyfive limitation)	5.312.170	3.429.351
Up to 1,25% of total risk-weighted amount of general reserves for receivables where the standard approach used	1.222.464	874.682
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 consolidated equity items and on balance sheet figures.

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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 incompliance 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 CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)**

**II. Explanations related to consolidated credit risk**

The sectoral distributions of the loans are reported to the Board of Directors on a monthly basis and limitations are made according to the conjuncture. No geographical restrictions apply. Monitoring and controls are carried out regarding the transactions made for Treasury purposes. Risk limits have been determined in relation to the transactions carried out.

The credit worthiness of loan customers is monitored by the Credit Allocation Department and is regularly reviewed every six months. The credit worthiness of borrowers is monitored at regular intervals in accordance with the relevant legislation. Account status documents are obtained as stipulated in the relevant legislation. Credit limits are determined by the Board of Directors, the bank credit committee and the credit management. The parent company Bank receives sufficient collateral for its loans and other receivables. The guarantees received consist of personal bail, real estate mortgage, cash blockage and customer checks.

Limits have also been set for transactions with banks. Credit risks are managed within the framework of the counterparty's credit worthiness and limits.

Definitions of delinquent and depreciated loans, as well as explanations of value adjustments and provisions, are given in footnote X of Chapter Four.

***The total amount of risks incurred after offset transactions, regardless of the effects of credit risk reduction, and the average amount of risks disaggregated according to different risk classes and types for the relevant period***

	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	25.953.302	24.988.367	22.007.657	18.974.207
Exposures to regional and local governments	-	-	-	1.500
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	15.082.208	11.629.077	12.398.679	9.922.947
Exposures to corporates	92.068.405	128.237.254	118.838.566	107.587.790
Retail exposures	-	-	-	-
Exposures secured by property	952.426	944.455	792.218	1.088.746
Past due receivables	866.437	248.889	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	333.625	591.001	577.716	139.719
Equity investments	2.780.064	2.270.488	1.711.733	1.305.076
Other exposures	6.064.468	4.774.450	3.379.315	2.812.012

(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.

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**SECTION FOUR (Continued)**

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

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

The share of the Group's risks from the top 100 and 200 cash loan customers in the total cash loans portfolio is as follows; 80,84% and 96,30% (December 31, 2022: 78,28% and 94,84%).

The share of the Group's risks from the top 100 and 200 non-cash loan customers in the total non-cash loans portfolio is as follows; 92,20% and 92,20% (December 31, 2022: 87,60% and 87,60%).

The share of the amount of cash and non-cash risk from the first 100 and 200 credit customers of the Group in the total balance sheet and in the regular accounts, respectively; 85,50% and 90,03% (December 31, 2022: 78,41% and 94,66%).

For the credit risk assumed by the Group, the expected loss provision for stage 1 and phase 2, measured in accordance with the IFRS 9 projected loss model, is TL 5.317.873 (December 31, 2022: TL 3.435.480).

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

Information on credit amounts rated by internal rating model is given table below for the current period.

Loan Quality Categories	Current Period	Prior Period
Above Average Grade	56.199.589	29.149.736
Average Grade	66.952.350	42.703.957
Below Average Grade	16.742.302	13.023.518
Impaired	3.987.113	2.322.108
<b>Total (1)</b>	<b>143.881.354</b>	<b>87.199.319</b>

(1) Loans belong to the financial subsidiaries subject to line-by-line consolidation method are considered as unrated.

The Group's total risk of cash loans, non-cash loans and financial leasing receivables (including non-performing loans, excluding expected loss provisions) amounted to TL 143.892.025 (December 31, 2022: TL 88.616.130) as of the balance sheet date, and the customers constituting TL 10.671 (December 31, 2022: TL 1.416.811) of this amount were not rated.

The aging analysis of the Parent Bank's closely monitored loans with 31 days or more of default days but not impaired is as follows:

	Current Period (1)				Prior Period			
	31- 60 Days	61- 90 Days	Other	Total	31- 60 Days	61- 90 Days	Other	Total
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 loan balance of these loans is 387,794 TL on 31 December 2023. On December 31, 2022, there is no default on loans under close monitoring.

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**SECTION FOUR (Continued)**

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

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

**Profile of significant exposures in major region**

Current Period	Risk Types (1)																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	
Domestic	25.958.385	-	1.579	-	-	12.367.705	85.914.461	-	952.426	866.437	57.269	-	-	333.625	176.705	5.260.963	131.889.555
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2.140.768	-	2.140.768
Unallocated Assets/Liabilities (3)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>25.958.385</b>	<b>-</b>	<b>1.579</b>	<b>39.951</b>	<b>-</b>	<b>12.844.323</b>	<b>85.914.461</b>	<b>-</b>	<b>952.426</b>	<b>866.437</b>	<b>57.269</b>	<b>-</b>	<b>-</b>	<b>333.625</b>	<b>2.780.064</b>	<b>5.364.624</b>	<b>135.113.144</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)**

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

Prior Period	Risk Types (1)																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	
Domestic	22.017.973	-	2.303	-	-	8.452.286	61.497.126	-	792.218	186.913	84.846	-	-	577.716	118.332	2.516.611	96.246.324
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.283.605	-	1.283.605
Unallocated Assets/Liabilities (3)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>22.017.973</b>	<b>-</b>	<b>2.303</b>	<b>65.251</b>	<b>-</b>	<b>9.274.784</b>	<b>61.729.585</b>	<b>-</b>	<b>792.218</b>	<b>186.913</b>	<b>84.846</b>	<b>-</b>	<b>-</b>	<b>577.716</b>	<b>1.711.733</b>	<b>2.622.218</b>	<b>99.065.540</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*

	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	TL	FC	Total
Current Period																			
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	-	-	-	-	-	-	61.920.683	-	278.440	402.804	2.620	-	-	-	-	-	7.579.260	55.025.287	62.604.547
Mining and Quarrying	-	-	-	-	-	-	1.106.675	-	-	-	-	-	-	-	-	-	1.260	1.105.415	1.106.675
Production	-	-	-	-	-	-	24.657.340	-	276.107	98.833	22	-	-	-	-	-	4.192.621	20.839.681	25.032.302
Electricity, Gas and Water	-	-	-	-	-	-	36.156.668	-	2.333	303.971	2.598	-	-	-	-	-	3.385.379	33.080.191	36.465.570
Construction	-	-	-	-	-	-	1.724.364	-	259.726	437.156	54.633	-	-	-	-	-	541.699	1.934.180	2.475.879
Services	2.485.658	-	-	39.951	-	12.844.323	20.988.662	-	414.260	23.677	-	-	-	333.625	2.780.064	549.982	12.768.754	27.691.448	40.460.202
Wholesale and Retail Trade	-	-	-	-	-	-	491.502	-	74.952	13.875	-	-	-	-	-	10	126.591	453.748	580.339
Accommodation and Dining	-	-	-	-	-	-	2.423.869	-	179.403	-	-	-	-	-	13.058	-	813.603	1.802.727	2.616.330
Transportation and Telecommunication	-	-	-	-	-	-	7.725.306	-	159.905	9.802	-	-	-	-	3.550	-	13.923	7.884.640	7.898.563
Financial Institutions	2.485.658	-	-	39.951	-	12.844.323	6.581.102	-	-	-	-	-	-	333.625	2.736.528	549.925	11.636.173	13.934.939	25.571.112
Real Estate and Rental Services	-	-	-	-	-	-	83.610	-	-	-	-	-	-	-	-	-	4.014	79.596	83.610
Professional Services	-	-	-	-	-	-	284.942	-	-	-	-	-	-	-	26.928	47	27.630	284.287	311.917
Educational Services	-	-	-	-	-	-	364.194	-	-	-	-	-	-	-	-	-	146.820	217.374	364.194
Health and Social Services	-	-	-	-	-	-	3.034.137	-	-	-	-	-	-	-	-	-	-	3.034.137	3.034.137
Others	23.472.727	-	1.579	-	-	-	1.228.430	-	-	-	-	-	-	-	-	4.814.302	18.941.900	10.575.138	29.517.038
Total	25.958.385	-	1.579	39.951	-	12.844.323	85.914.461	-	952.426	866.437	57.269	-	-	333.625	2.780.064	5.364.624	39.834.769	95.278.375	135.113.144

(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.

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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)*

	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	TL	FC	Total
Prior Period																			
Agriculture	-	-	-	-	-	-	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	-	-	-	-	-	-	44.378.426	-	268.266	131.889	84.816	-	-	-	-	-	4.765.076	40.098.321	44.863.397
Mining and Quarrying	-	-	-	-	-	-	1.220.451	-	-	-	-	-	-	-	-	-	147	1.220.304	1.220.451
Production	-	-	-	-	-	-	16.366.559	-	214.923	5.938	13	-	-	-	-	-	3.328.615	13.258.818	16.587.433
Electricity, Gas and Water	-	-	-	-	-	-	26.791.416	-	53.343	125.951	84.803	-	-	-	-	-	1.436.314	25.619.199	27.055.513
Construction	-	-	-	-	-	231	2.102.411	-	138.940	1.782	14	-	-	-	-	-	275.766	1.967.612	2.243.378
Services	2.485.656	-	-	35.595	-	9.223.122	14.528.782	-	385.012	50.449	-	-	-	577.716	1.711.733	323.744	10.529.302	18.792.507	29.321.809
Wholesale and Retail Trade	-	-	-	-	-	-	726.955	-	3.658	16.046	-	-	-	-	-	23	254.594	492.088	746.682
Accommodation and Dining	-	-	-	-	-	-	1.292.431	-	241.441	-	-	-	-	-	5.628	-	215.919	1.323.581	1.539.500
Transportation and Telecommunication	-	-	-	-	-	-	4.588.788	-	139.913	34.403	-	-	-	-	2.137	-	43.849	4.721.392	4.765.241
Financial Institutions	2.485.656	-	-	35.595	-	9.223.122	4.632.576	-	-	-	-	-	-	577.716	1.680.381	323.721	9.748.058	9.210.712	18.958.770
Real Estate and Rental Services	-	-	-	-	-	-	57.003	-	-	-	-	-	-	-	-	-	44.236	12.767	57.003
Professional Services	-	-	-	-	-	-	316.205	-	-	-	-	-	-	-	23.584	-	27.088	312.701	339.789
Educational Services	-	-	-	-	-	-	382.110	-	-	-	-	-	-	-	-	-	195.558	186.552	382.110
Health and Social Services	-	-	-	-	-	-	2.532.714	-	-	-	-	-	-	-	-	-	-	2.532.714	2.532.714
Others	19.532.317	-	2.303	29.656	-	51.431	686.980	-	-	-	-	-	-	-	-	2.298.134	12.680.993	9.919.828	22.600.821
Total	22.017.973	-	2.303	65.251	-	9.274.784	61.729.585	-	792.218	186.913	84.846	-	-	577.716	1.711.733	2.622.218	28.260.721	70.804.819	99.065.540

(1) Since there is no securitization position, the risk class of "Securitization positions" is not included. Credit conversion ratio and risk amounts after credit risk reduction are included.

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**SECTION FOUR (Continued)**

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

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

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

<b>Risk Types</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>Current Period (1)</b>					
Exposures to sovereigns and their central banks	3.362.908	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	11.202.124	135.030	446.931	178.959	780.083
Exposures to corporates	965.964	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	1.526.269	-	-	-	95.536
<b>Total</b>	<b>17.113.464</b>	<b>5.957.865</b>	<b>6.144.566</b>	<b>7.094.570</b>	<b>90.210.602</b>

(1) Includes risk amounts after the effect of credit risk mitigation and the credit conversion.

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES**  
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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</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 (1)</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	6.686.430	828.557	801.851	-	906.468
Exposures to corporates	2.267.819	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	93	-	-	-	24.530
<b>Total</b>	<b>11.108.175</b>	<b>6.145.544</b>	<b>3.055.149</b>	<b>6.635.242</b>	<b>65.481.357</b>

(1) Includes risk amounts after the effect of credit risk mitigation and the credit conversion.

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES**  
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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:

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

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES**  
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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 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 (1)	25.993.254	-	12.739.303	-	10.850.011	-	83.708.794	2.544	17.532	2.150.910	90.804	800.945
Amount After Credit Risk Reduction	25.998.337	-	12.739.303	-	11.808.560	-	82.305.152	2.544	17.532	2.150.910	90.804	800.945

(1) Risk amounts are given before the effects of Credit Risk Mitigation and after the conversion rate to credit.

Prior Period											
Risk Weight	0%	10%	20%	25%	50%	75%	100%	150%	200%	250%	Deductions from Equity
Amount Before Credit Risk Mitigation (1)	22.072.909	-	8.631.917	-	7.738.219	-	59.489.464	84.039	378.942	1.293.261	271.345
Amount After Credit Risk Reduction	22.083.225	-	8.631.917	-	8.530.518	-	58.063.637	84.039	378.942	1.293.261	271.345

(1) Risk amounts are given before the effects of Credit Risk Mitigation and after the conversion rate to credit.

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES**  
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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.

<b>Current Period</b>	<b>Loans (1)</b>		<b>Provisions</b>
<b>Major Sectors / Counterparties</b>	<b>Impaired</b>		<b>Expected Credit Losses</b> <b>(TFRS 9)</b>
	<b>Significant Increase in Credit Risk (Stage 2)</b>	<b>Defaulted (Stage 3)</b>	
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	272.383	2.497.555
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	-	6.966	6.966
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>3.946.128</b>	<b>7.048.679</b>

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

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES**  
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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	296.576	1.608.726
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	-	7.036	7.035
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>2.333.977</b>	<b>4.798.710</b>

(1) Includes breakdown of cash loans.

*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	2.147.062	1.143.272	(210.643)	-	3.079.691
Stage 1-2 Provisions	3.435.482	1.882.642	(251)	-	5.317.873

Prior Period	Opening balance	Provision for the period	Provision reversals	Other adjustments	Closing balance
Stage 3 Provisions	1.125.058	1.106.864	(84.860)	-	2.147.062
Stage 1-2 Provisions	2.072.127	1.383.262	(19.909)	-	3.435.480



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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.

**Information about receivables from consolidated private sector:**

<b>Current Period</b>	<b>Private Sector Loans in Banking Book</b>	<b>Risk Weighted Amount calculations for Trading Book</b>	<b>Total</b>
<b>Country risk taken ultimately</b>			
United States	149.517	-	149.517
England	41.080	-	41.080
Luxembourg	566.253	-	566.253
Turkey	93.237.836	55.375	93.293.211
<b>Total</b>	<b>93.994.686</b>	<b>55.375</b>	<b>94.050.061</b>

<b>Prior Period</b>	<b>Private Sector Loans in Banking Book</b>	<b>Risk Weighted Amount calculations for Trading Book</b>	<b>Total</b>
<b>Country risk taken ultimately</b>			
United States	287.789	-	287.789
Georgia	232.459	-	232.459
England	4.237	-	4.237
Luxembourg	415.403	-	415.403
Turkey	65.358.245	-	65.358.245
<b>Total</b>	<b>66.298.133</b>	<b>-</b>	<b>66.298.133</b>

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

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

**III. Explanations related to consolidated 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. 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

The basic arithmetic average values of the Parent Bank for the last thirty days from the date of the financial statement of the current exchange rate in US Dollars and Euros are 28,9358 and 31,6094 in full TL, respectively.

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

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

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

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

	Euro	US Dollar	Other FC	Total
<b>Current Period</b>				
<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	254.037	4.785.144	18.831	5.058.012
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	854.354	9.640.401	-	10.494.755
Derivative Financial Assets for Hedging Purposes (5)	-	334.747	-	334.747
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets (3)	3.747	122.525	6.658	132.930
<b>Total Assets</b>	<b>53.521.525</b>	<b>86.846.237</b>	<b>26.484</b>	<b>140.394.246</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	423.156	1.541.151	18.834	1.983.141
Derivative Financial Liabilities for Hedging Purposes (4)	-	130.763	-	130.763
Other Liabilities (5)	1.329.904	1.008.178	939	2.339.021
<b>Total Liabilities</b>	<b>36.308.879</b>	<b>115.295.068</b>	<b>19.773</b>	<b>151.623.720</b>
<b>Net Balance Sheet Position</b>	<b>17.212.647</b>	<b>(28.448.831)</b>	<b>6.707</b>	<b>(11.229.477)</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 (6)	5.606.944	4.107.324	-	9.714.268
<b>Prior Period</b>				
Total Assets	32.075.501	59.801.006	10.087	91.886.594
Total Liabilities	24.593.052	75.902.247	4.404	100.499.703
<b>Net Balance Sheet Position</b>	<b>7.482.449</b>	<b>(16.101.241)</b>	<b>5.683</b>	<b>(8.613.109)</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	2.989.436	20.477.232	133.704	23.600.372
Financial Derivative Liabilities	(9.025.949)	(2.884.042)	(133.507)	(12.043.498)
Non-Cash Loans (6)	3.145.030	2.672.285	-	5.817.315

(1) The exchange rate difference rediscount of derivative financial transactions amounting to TL 138.110 has been deducted from the "Financial Assets Reflected in Fair Value Difference Profit or Loss".

(2) The loans provided include TL 1.354.681 of FX-indexed loans, TL 418.318 of Financial Lease Receivables, TL 925 of Frozen Receivables and TL (925) of Default (Third Stage/Special Provision), (TL 4.323.614) of the 1st and 2nd stages (including foreign currency-indexed loans) expected loss provision amounts.

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

(4) Hedging Derivative Financial Assets are defined in the "Derivative Financial Assets" line in the financial statement; Hedging Derivative Financial Liabilities are included in the "Derivative Financial Liabilities" line of the financial statement. The exchange rate difference rediscount of TL 24.108 was not taken into account in the "Derivative Financial Assets for Hedging Purposes" line, and the exchange rate difference rediscount of TL 39.214 was not taken into account in the "Derivative Financial Liabilities for Hedging Purposes" line.

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

(6) Derivative financial transactions exchange rate difference rediscounts amounting to TL 139.437 and foreign exchange sales commitment rediscounts amounting to TL 184 are not included in the "Other Liabilities" line.

(7) It has no effect on the net off-balance sheet position.

(8) (4.733) TL 1st stage includes the expected loss provision amount.

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

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

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

The following tables detail the Group'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	3.752	121.430	10.410	27.765
Euro	10	105.213	145.726	(15.845)	(1.132)
Other	10	734	588	-	-

	Decrease in Currency Rate	Effect on Profit / Loss (1)		Effect on Equity (2)	
		Current Period	Prior Period	Current Period	Prior Period
US Dollar	10	(3.752)	(121.430)	10.410	(27.765)
Euro	10	(105.213)	(145.726)	(15.845)	1.132
Other	10	(734)	(588)	-	-

(1) Values expressed are before the tax effect.

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

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

The interest rate sensitivity of assets, liabilities and off-balance sheet items is measured by the Parent Bank. The general and specific interest rate risk tables within the standard method are calculated by including assets and liabilities, and the interest rate risk faced by the Parent Bank is calculated and taken into account in calculating the Capital Adequacy Standard Ratio as part of the overall market risk.

The results that may occur with forward-looking forecast-simulation reports are determined, and the effect of fluctuations in interest rates is evaluated by sensitivity analysis and scenario analysis. With the maturity distribution (Gap) analysis, the cash need arising in each maturity period is determined. In the interest rates applied, it is ensured that there is always a plus difference (spread) between the cost of liability and the return on assets.

When the Parent Bank liabilities are taken into consideration, it is seen that the resources obtained from within the country are quite low. The main shareholder Bank procures the majority of its resources from abroad with the advantages of being a development and investment bank.

Changes in interest rates are controlled by interest rate risk statements, gap analysis, scenario analysis and stress tests, and the effect on assets and liabilities and possible changes in cash flows are examined. Parent Partnership The Bank monitors many risk control ratios, such as the ratio of market risk to total risk-weighted assets and the ratio of risk-to-risk value to equity, calculated by the internal model.

In order to prevent the negative impact of assets or equity as a result of fluctuations in interest rates or liquidity difficulties, continuous controls are carried out within the scope of risk policies and the Senior management, the Board of Directors and the Audit Committee are constantly informed.

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**IV. Explanations related to consolidated 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
<b>Assets</b>							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased) and Balances with the Central Bank of Turkey(2)	-	-	-	-	-	2.942.825	2.942.825
Banks (2)	4.486.143	60.572	-	-	-	714.542	5.261.257
Financial Assets at Fair Value Through Profit and Loss (3)	1.462.194	22.819	54.469	392.991	3.235	408.347	2.344.055
Money Market Placements (2)	7.125.928	114.559	183.901	-	-	-	7.424.388
Financial Assets at Fair Value Through Other Comprehensive Income(2)	1.607.642	38.106	1.529.624	3.855.381	1.818.599	916.986	9.766.338
Loans (2)	60.742.033	16.627.330	28.650.600	17.184.879	5.384.649	-	128.589.491
Financial Assets Measured at Amortized Cost (2)	8.392.539	-	-	7.861.133	2.640.440	-	18.894.112
Other Assets (2)	-	-	-	-	-	5.691.386	5.691.386
<b>Total Assets</b>	<b>83.816.479</b>	<b>16.863.386</b>	<b>30.418.594</b>	<b>29.294.384</b>	<b>9.846.923</b>	<b>10.674.086</b>	<b>180.913.852</b>
<b>Liabilities</b>							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Money Market Borrowings	3.101.899	625.981	-	-	-	-	3.727.880
Miscellaneous Payables	-	-	-	-	-	2.201.367	2.201.367
Marketable Securities Issued	737.516	518.664	639.421	30.744.818	-	1.508.031	34.148.450
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	101.978	221.482	-	26.622.954	27.941.955
<b>Total Liabilities</b>	<b>71.165.157</b>	<b>14.045.944</b>	<b>21.929.097</b>	<b>42.460.212</b>	<b>981.090</b>	<b>30.332.352</b>	<b>180.913.852</b>
<b>Balance Sheet Long Position</b>	<b>12.651.322</b>	<b>2.817.442</b>	<b>8.489.497</b>	<b>-</b>	<b>8.865.833</b>	<b>-</b>	<b>32.824.094</b>
<b>Balance Sheet Short Position</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(13.165.828)</b>	<b>-</b>	<b>(19.658.266)</b>	<b>(32.824.094)</b>
<b>Off-Balance Sheet Long Position</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8.938.975</b>	<b>415.732</b>	<b>-</b>	<b>9.354.707</b>
<b>Off-Balance Sheet Short Position</b>	<b>(4.489.815)</b>	<b>(235.935)</b>	<b>(4.875.812)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(9.601.562)</b>
<b>Total Position</b>	<b>8.161.507</b>	<b>2.581.507</b>	<b>3.613.685</b>	<b>(4.226.853)</b>	<b>9.281.565</b>	<b>(19.658.266)</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 in other assets, interest-free column.

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

**IV. Explanations related to consolidated 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	1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-interest bearing (1)	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)	-	-	-	-	-	2.797.941	2.797.941
Banks(2)	650.734	253.765	-	-	-	1.052.581	1.957.080
Financial Assets at Fair Value Through Profit and Loss (3)	1.206.545	195.521	540.763	421.501	40.169	166.706	2.571.205
Money Market Placements(2)	4.746.200	513.955	460.888	-	-	-	5.721.043
Financial Assets at Fair Value Through Other Comprehensive Income(2)	804.939	2.956.361	1.859.992	3.236.902	1.243.621	987.474	11.089.289
Loans(2)	21.077.145	13.235.609	27.064.586	13.583.455	4.202.569	-	79.163.364
Financial Assets Measured at Amortized Cost (2)	6.195.613	-	-	4.288.990	2.341.378	-	12.825.981
Other Assets(2)	-	-	-	-	-	1.495.757	1.495.757
<b>Total Assets</b>	<b>34.681.176</b>	<b>17.155.211</b>	<b>29.926.229</b>	<b>21.530.848</b>	<b>7.827.737</b>	<b>6.500.459</b>	<b>117.621.660</b>
<b>Liabilities</b>							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Money Market Borrowings	2.205.427	266.696	-	-	-	-	2.472.123
Miscellaneous Payables	-	-	-	-	-	2.143.057	2.143.057
Marketable Securities Issued (4)	7.130.287	336.059	-	13.917.465	-	169.646	21.553.457
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	523.556	267.842	301.211	7.596	36.944	15.672.662	16.809.811
<b>Total Liabilities</b>	<b>36.190.235</b>	<b>13.422.629</b>	<b>24.338.490</b>	<b>23.780.119</b>	<b>1.904.822</b>	<b>17.985.365</b>	<b>117.621.660</b>
<b>Balance Sheet Long Position</b>	<b>-</b>	<b>3.732.582</b>	<b>5.587.739</b>	<b>-</b>	<b>5.922.915</b>	<b>-</b>	<b>15.243.236</b>
<b>Balance Sheet Short Position</b>	<b>(1.509.059)</b>	<b>-</b>	<b>-</b>	<b>(2.249.271)</b>	<b>-</b>	<b>(11.484.906)</b>	<b>(15.243.236)</b>
Off-Balance Sheet Long Position	673.387	-	1.164.374	211.682	441.510	-	2.490.953
Off-Balance Sheet Short Position	-	(1.249.105)	-	-	-	-	(1.249.105)
<b>Total Position</b>	<b>(835.672)</b>	<b>2.483.477</b>	<b>6.752.113</b>	<b>(2.037.589)</b>	<b>6.364.425</b>	<b>(11.484.906)</b>	<b>1.241.848</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 in other assets, interest-free column.

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

**IV. Explanations related to consolidated 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	-	-	-	44,72
Banks	-	5,49	-	14,21
Financial Assets at Fair Value Through Profit and Loss	-	-	-	42,83
Money Market Placements	-	-	-	33,36
Available-for-Sale Financial Assets	4,57	6,60	-	43,27
Loans	8,51	9,94	-	35,62
Financial Assets Measured at Amortized Cost	5,84	8,14	-	44,72
<b>Liabilities</b>				
Bank Deposits	-	-	-	-
Other Deposits	-	-	-	-
Money Market Borrowings	0,31	2,85	-	42,08
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued (1)	-	6,93	-	41,00
Borrower Funds	0,25	0,50	-	37,00
Funds Provided From Other Financial Institutions	4,75	6,85	-	43,00

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

	<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	-	26,17
Financial Assets at Fair Value Through Profit and Loss	-	-	-	20,66
Money Market Placements	-	-	-	15,51
Available-for-Sale Financial Assets	4,57	5,20	-	19,63
Loans	6,59	8,31	-	19,65
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	-	13,04
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	5,80	-	22,75
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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**INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)**

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

The Group is exposed to equity shares risk arising from investments on firms traded in Borsa Istanbul (BIST). Share certificate investments are almost used for trading purpose. However, these investments are not actively bought/sold by the Group. The Group classified its share certificate investments both as available for sale and as trading securities and net profit/loss of the Group is not affected unless the Group sell share certificates in portfolio of available for sale.

***Equity shares risk due from banking book***

Below is the comparison table of the Group's share certificate instruments' book value, fair value and market value.

Current Period		Comparison	
Share Certificate Investments	Book Value	Fair Value	Market Value
Investment in Shares-Grade A	2.257.932	-	3.176.416
Quoted	2.257.932	-	3.176.416

Prior Period		Comparison	
Share Certificate Investments	Book Value	Fair Value	Market Value
Investment in Shares-Grade A	1.238.046	-	1.926.597
Quoted	1.238.046	-	1.926.597

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.

Current Period	Realized Revenues and Losses in Period	Revaluation Value Increases		Unrealized Gains and Losses		
		Total	Included in Core Capital	Total	Included in Core Capital	Included in Supplementary Capital
Private Equity Investments	-	-	-	-	-	-
Share Certificates Quoted on a Stock Exchange	-	641.020	641.020	-	-	-
Other Share Certificates	-	813.401	813.401	-	-	-
<b>Total</b>	-	<b>1.454.421</b>	<b>1.454.421</b>	-	-	-

Prior Period	Realized Revenues and Losses in Period	Revaluation Value Increases		Unrealized Gains and Losses		
		Total	Included in Core Capital	Total	Included in Core Capital	Included in Supplementary Capital
Private Equity Investments	-	-	-	-	-	-
Share Certificates Quoted on a Stock Exchange	-	325.792	325.792	-	-	-
Other Share Certificates	-	403.077	403.077	-	-	-
<b>Total</b>	-	<b>728.869</b>	<b>728.869</b>	-	-	-



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

**VI. Consolidated liquidity risk management and coverage ratio**

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

**1.a Information about the governance of consolidated liquidity risk management, including: risk tolerance; structure and responsibilities for consolidated liquidity risk management; internal consolidated liquidity reporting; and communication of consolidated 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.

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 and Investor Relations Department also make 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 consolidated liquidity management and funding strategy and the functioning between the Parent Bank and the Parent 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 Parent Bank's funding strategy including the policies on funding types and variety of maturities**

Among the main funding sources of the Parent 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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**INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)**

**VI. Consolidated liquidity risk management and coverage ratio (continued)**

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

**1.ç Information on liquidity management on the basis of currencies constituting a minimum of five percent of the Parent 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 consolidated liquidity risk mitigation techniques:**

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 Parent 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 Parent 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 consolidated liquidity situation plans:**

There is a Contingency Funding Plan for the contingent periods that arises beyond the Parent Bank's control. In a potential liquidity shortfall, Treasury Department is responsible from assessment, taking relevant actions and informing Parent Bank's Asset and Liability Committee. In contingent cases, to identify the liquidity risk arising, cashflow projections and funding requirement estimations are exercised based on various scenarios. To assess the stress scenarios, cashflow in terms of local currency is monitored regularly by Treasury Department. Scenario analysis on the Parent 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 Parent Bank are monitored consistently. TSKB has the optionality of choosing one or more of the following for meeting its liquidity requirement that are selling liquid assets off, increasing short term borrowing, decreasing illiquid assets, increasing capital.

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

**VI. Consolidated liquidity risk management and coverage ratio (continued)**

**2. Consolidated Liquidity Coverage Ratio**

According to regulations which is published on 28948 numbered gazette on March 21, 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 consolidated foreign currency and total liquidity coverage ratio and consolidated foreign currency and total liquidity coverage ratio's minimum and maximum levels are shown below by specified thereby weekly.

	Current Period		Prior Period	
	TL+FC	FC	TL+FC	FC
31/10/2023	579	692	231	334
30/11/2023	629	740	226	342
31/12/2023	561	609	268	313

		Rate of “Percentage to be taken into account” not Implemented Total value		Rate of “Percentage to be taken into account” Implemented Total value	
Current Period		TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS (HQLA)					
1	High quality liquid assets			16.959.136	11.208.053
CASH OUTFLOWS					
2	Retail and Customers Deposits	-	-	-	-
3	Stable deposits	-	-	-	-
4	Less stable deposits	-	-	-	-
5	Unsecured Funding other than Retail and Small Business Customers Deposits	8.622.425	5.131.613	7.383.817	3.973.795
6	Operational deposits	841.079	756.598	210.270	189.150
7	Non-Operational Deposits	-	-	-	-
8	Other Unsecured Funding	7.781.346	4.375.015	7.173.547	3.784.645
9	Secured funding			-	-
10	Other Cash Outflows	592.569	969.390	592.569	969.390
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	360.331	737.152	360.331	737.152
12	Debts related to the structured financial products	-	-	-	-
13	Commitment related to debts to financial markets and other off balance sheet liabilities	232.238	232.238	232.238	232.238
14	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	-	-	-	-
15	Other irrevocable or conditionally revocable commitments	24.814.362	17.693.334	3.605.895	1.752.381
16	TOTAL CASH OUTFLOWS			11.582.281	6.695.566
CASH INFLOWS					
17	Secured Lending Transactions	1.874	-	-	-
18	Unsecured Lending Transactions	21.341.839	7.914.212	17.415.145	4.986.107
19	Other contractual cash inflows	769.408	6.893.860	769.408	6.893.860
20	TOTAL CASH INFLOWS	22.113.121	14.808.072	18.184.553	11.879.967
				Upper Limit Applied Amounts	
21	TOTAL HQLA STOCK			16.959.136	11.208.053
22	TOTAL NET CASH OUTFLOWS			2.895.570	1.673.892
23	Liquidity Coverage Ratio (%)			586	670

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**VI. Consolidated liquidity risk management and coverage ratio (continued)**

**2. Consolidated 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			13.728.200	8.148.638
<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	7.748.910	5.691.184	6.619.412	4.584.848
6 Operational deposits	633.677	606.710	158.419	151.677
7 Non-Operational Deposits	-	-	-	-
8 Other Unsecured Funding	7.115.233	5.084.474	6.460.993	4.433.171
9 Secured funding			-	-
10 Other Cash Outflows	617.366	935.396	617.366	935.396
11 Liquidity needs related to derivatives and market valuation changes on derivatives transactions	364.941	682.971	364.941	682.971
12 Debts related to the structured financial products	-	-	-	-
13 Commitment related to debts to financial markets and other off balance sheet liabilities	252.425	252.425	252.425	252.425
14 Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	64.136.457	59.602.184	3.206.823	2.980.109
15 Other irrevocable or conditionally revocable commitments	23.185.861	17.303.235	3.448.061	1.697.270
16 <b>TOTAL CASH OUTFLOWS</b>			<b>13.891.662</b>	<b>10.197.623</b>
<b>CASH INFLOWS</b>				
17 Secured Lending Transactions	2.103	-	-	-
18 Unsecured Lending Transactions	9.862.908	4.886.156	7.586.494	3.348.951
19 Other contractual cash inflows	215.444	8.803.620	215.244	8.803.620
20 <b>TOTAL CASH INFLOWS</b>	<b>10.080.455</b>	<b>13.689.776</b>	<b>7.801.738</b>	<b>12.152.571</b>
			Upper Limit Applied Amounts	
21 <b>TOTAL HQLA STOCK</b>			<b>13.728.200</b>	<b>8.148.638</b>
22 <b>TOTAL NET CASH OUTFLOWS</b>			<b>6.089.924</b>	<b>2.549.406</b>
23 <b>Liquidity Coverage Ratio (%)</b>			<b>225</b>	<b>320</b>

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

**VI. Consolidated liquidity risk management and 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. For total and foreign currency limits 100% and minimum 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.

The main source of funds of the main partnership Bank is long-term resources established from international financial institutions. The share of these resources in total funding is approximately 66,8%, and the share of resources provided by securities and syndication loans issued within the scope of bank resources diversification activities in total borrowing is 30,6%. 2,6% of the parent Bank's total funding comes from 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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**VI. Consolidated liquidity risk management and 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
<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)	1	2.942.824	-	-	-	-	-	2.942.825
Banks(2)	714.542	4.546.715	-	-	-	-	-	5.261.257
Financial Assets at Fair Value Through Profit and Loss (3)	128.464	1.327.207	123.948	483.542	1.011	-	279.883	2.344.055
Money Market Placements(2)	-	7.125.928	114.559	183.901	-	-	-	7.424.388
Financial Assets at Fair Value Through Other Comprehensive Income (2)	-	-	38.106	1.543.461	5.428.548	1.839.237	916.986	9.766.338
Loans(2)	-	6.287.030	12.522.271	27.791.589	62.350.104	19.638.497	-	128.589.491
Financial Assets Measured at Amortized Cost (2)	-	11.225	-	2.908.181	9.141.058	6.833.648	-	18.894.112
Other Assets(2)	574.147	595.027	-	-	1.024.832	-	3.497.380	5.691.386
<b>Total Assets</b>	<b>1.417.154</b>	<b>22.835.956</b>	<b>12.798.884</b>	<b>32.910.674</b>	<b>77.945.553</b>	<b>28.311.382</b>	<b>4.694.249</b>	<b>180.913.852</b>
<b>Liabilities</b>								
Bank Deposits	-	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-	-
Funds Provided from Other Financial Institutions	-	757.519	4.104.137	19.990.363	44.217.391	43.824.790	-	112.894.200
Money Market Borrowings	-	3.117.872	610.008	-	-	-	-	3.727.880
Marketable Securities Issued (4)	-	1.332.543	406.837	639.420	31.769.650	-	-	34.148.450
Miscellaneous Payables	-	-	-	-	-	-	2.201.367	2.201.367
Other Liabilities	-	678.499	308.564	278.889	108.008	-	26.567.995	27.941.955
<b>Total Liabilities</b>	<b>-</b>	<b>5.886.433</b>	<b>5.429.546</b>	<b>20.908.672</b>	<b>76.095.049</b>	<b>43.824.790</b>	<b>28.769.362</b>	<b>180.913.852</b>
<b>Liquidity Gap</b>	<b>1.417.154</b>	<b>16.949.523</b>	<b>7.369.338</b>	<b>12.002.002</b>	<b>1.850.504</b>	<b>(15.513.408)</b>	<b>(24.075.113)</b>	<b>-</b>
Net Off-balance sheet Position	-	(22.337)	(348.496)	(257.864)	386.317	(4.475)	-	(246.855)
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	713.561	12.222.843
<b>Prior Period</b>								
Total Assets	1.372.974	15.728.010	8.961.501	19.604.136	48.513.429	21.290.377	2.151.233	117.621.660
Total Liabilities	-	10.825.490	4.208.778	9.927.390	47.547.829	27.296.454	17.815.719	117.621.660
<b>Liquidity Gap</b>	<b>1.372.974</b>	<b>4.902.520</b>	<b>4.752.723</b>	<b>9.676.746</b>	<b>965.600</b>	<b>(6.006.077)</b>	<b>(15.664.486)</b>	<b>-</b>
Net Off-balance sheet Position	-	452.665	23.327	62.989	516.622	9.559	-	1.046.044
Financial Derivative Assets	-	18.634.256	2.301.232	5.583.244	20.603.676	5.130.341	-	52.252.749
Financial Derivative Liabilities	-	18.181.591	2.277.905	5.520.255	20.087.054	5.139.900	-	51.206.705
Non-cash Loans	-	460.039	565.371	3.245.059	597.699	2.002.385	435.056	7.305.609

(1) Among the active accounts that make up the balance sheet, other assets that are required for the continuation of banking activities such as tangible assets, intangible assets, associates and subsidiaries, deferred tax assets, stocks, prepaid expenses and non-performing loans, which do not have a chance to turn into cash in a short time, and other liabilities, total shareholders' equity, provisions, and passive accounts such as tax liability are shown in the "Unallocated" column.

(2) First and second stage expected loss provisions are shown in other assets, unallocated column.

(3) Includes derivative financial assets and loans at fair value through profit or loss.

(4) Includes bonds with the nature of secondary subordinated loans issued, which are classified under subordinated loans in the balance sheet.

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

**VI. Consolidated liquidity risk management and 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 capital outflows without discounting the 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	24.498.757	60.879.148	59.978.085	(37.926.260)	112.894.200
Money Market Borrowings	3.128.249	620.349	-	-	-	(20.718)	3.727.880
Marketable Securities Issued	1.688.559	434.177	1.548.503	36.634.155	-	(6.156.944)	34.148.450
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>7.075.381</b>	<b>5.759.107</b>	<b>26.079.617</b>	<b>97.663.453</b>	<b>59.978.085</b>	<b>(44.175.337)</b>	<b>152.380.306</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	11.686.984	41.924.776	34.456.950	(17.901.637)	74.643.212
Money Market Borrowings	2.482.128	280	-	-	-	(10.285)	2.472.123
Marketable Securities Issued	7.536.014	-	526.768	15.581.199	-	(2.090.524)	21.553.457
Funds	737.733	-	-	-	-	-	737.733
Leasing Liabilities	2.237	210	947	1.894	-	(3.043)	2.245
<b>Total</b>	<b>11.287.694</b>	<b>3.947.047</b>	<b>12.214.699</b>	<b>57.507.869</b>	<b>34.456.950</b>	<b>(20.005.489)</b>	<b>99.408.770</b>

Analysis of contractual expiry by maturity of the Group'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>
<b>Swap Contracts</b>	<b>14.500.985</b>	<b>16.399.747</b>	<b>13.574.103</b>	<b>80.275.915</b>	<b>11.925.415</b>	<b>136.676.165</b>
<b>Forward Contracts</b>	<b>303.001</b>	<b>439.402</b>	<b>366.241</b>	<b>-</b>	<b>-</b>	<b>1.108.644</b>
<b>Futures Transactions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Options</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<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>
<b>Swap Contracts</b>	<b>36.568.269</b>	<b>3.827.239</b>	<b>10.663.600</b>	<b>40.450.181</b>	<b>10.270.241</b>	<b>101.779.530</b>
<b>Forward Contracts</b>	<b>132.238</b>	<b>751.898</b>	<b>439.899</b>	<b>240.549</b>	<b>-</b>	<b>1.564.584</b>
<b>Futures Transactions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Options</b>	<b>17.438</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17.438</b>
<b>Other</b>	<b>97.902</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>97.902</b>
<b>Total</b>	<b>36.815.847</b>	<b>4.579.137</b>	<b>11.103.499</b>	<b>40.690.730</b>	<b>10.270.241</b>	<b>103.459.454</b>

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

**VII. Explanations related to consolidated leverage ratio**

**a) Information about the consolidated leverage ratio between current and prior periods**

The table regarding the leverage ratio calculated in accordance with the "Regulation on the Measurement and Evaluation of the Leverage Level of Banks" published in the Official Gazette dated November 5, 2013 and numbered 28812 is given below.

As of the balance sheet date of the Group, 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 12,98% (December 31, 2022: 11,57%). The amount of on-balance sheet assets increased by approximately 54,30% compared to the previous period.

**b) Comparison table of total assets and total risk amounts in the financial statements prepared in accordance with TAS**

		<b>Current Period</b>	<b>Prior Period</b>
<b>1</b>	Total Amount of Asset and Risk Situated in The Consolidated Financial Statements Prepared in Accordance with TAS (2)	148.549.215	100.867.765
<b>2</b>	The difference between Amount of Asset in the Consolidated Financial Statements Prepared in Accordance with TAS and the Communiqué on Preparation of Consolidated Financial Statements of Banks (2)	(32.364.637)	(16.753.895)
<b>3</b>	The difference between total amount and total risk amount of derivative financial instruments with credit derivative in the Communiqué on Preparation of Consolidated Financial Statements of Banks (1)	683.472	1.302.943
<b>4</b>	The difference between total amount and total risk amount of risk investment securities or commodity collateral financing transactions in the Communiqué on Preparation of Consolidated Financial Statements of Banks (1)	1.430.380	2.685.103
<b>5</b>	The difference between total amount and total risk amount of off-balance sheet transactions in the Communiqué on Preparation of Consolidated Financial Statements of Banks (1)	(6.468.900)	(9.087.387)
<b>6</b>	The other differences between amount of assets and risk in the Communiqué on Preparation of Consolidated Financial Statements of Banks (1)	-	-
<b>7</b>	<b>Total Exposures (1)</b>	<b>198.470.339</b>	<b>132.462.219</b>

(1) The arithmetic average of the last 3 months in the related periods.

(2) Consolidated financial statements prepared pursuant to the sixth paragraph of Article 5 of the Communiqué on the Preparation of Consolidated Financial Statements of Banks. As of the current period, the consolidated financial statements prepared pursuant to IAS were not yet ready, and the consolidated financial statements prepared pursuant to IAS dated 30 June 2023 and 31 December 2021 as of the previous period were used

**c) Consolidated 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)	177.277.593	114.494.868
<b>2</b>	(Assets deducted from Core capital)	(1.186.200)	(373.493)
<b>3</b>	<b>Total risk amount of balance sheet assets (sum of lines 1 and 2)</b>	<b>176.091.393</b>	<b>114.121.375</b>
	<b>Derivative financial assets and credit derivatives</b>		
<b>4</b>	Cost of replenishment for derivative financial assets and credit derivatives	777.323	782.178
<b>5</b>	Potential credit risk amount of derivative financial assets and credit derivatives	473.902	310.485
<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>1.092.663</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	866.786	1.611.804
<b>8</b>	Risk amount arising from intermediary transactions	49.629	47.985
<b>9</b>	<b>Total risk amount of financing transactions secured by marketable security or commodity (sum of lines 7 and 8)</b>	<b>916.415</b>	<b>1.659.789</b>
	<b>Off-balance sheet transactions</b>		
<b>10</b>	Gross notional amount of off-balance sheet transactions	26.680.206	24.675.779
<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>20.211.306</b>	<b>15.588.392</b>
	<b>Capital and total risk</b>		
<b>13</b>	Core Capital	25.764.354	15.325.955
<b>14</b>	Total risk amount (sum of lines 3, 6, 9 and 12)	198.470.339	132.462.219
	<b>Leverage ratio</b>		
<b>15</b>	<b>Leverage ratio</b>	<b>%12,98</b>	<b>%11,57</b>

(1) The footnote format has been prepared by taking the average amounts for 3 months according to the BRSA regulations



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**SECTION FOUR (Continued)**

**INFORMATION ON CONSOLIDATED 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 consolidated financial statements of the Group.

	<b>Carrying Value</b>	<b>Fair Value</b>
	<b>Current Period</b>	<b>Current Period</b>
<b>Financial Assets</b>	173.015.277	170.207.624
Money Market Placements	7.424.388	7.424.388
Banks	5.261.257	5.261.257
Financial assets whose fair value difference is reflected in other comprehensive income	9.766.338	9.766.338
Held-To-Maturity Investments	18.894.112	19.624.447
Loans (1)	131.669.182	128.131.194
<b>Financial Liabilities</b>	154.840.241	152.298.847
Bank Deposits	-	-
Other Deposits	-	-
Funds Provided From Other Financial Institutions (2)	118.104.560	118.104.560
Marketable Securities Issued	34.148.450	31.607.056
Miscellaneous Payables	2.587.231	2.587.231

(1) Loans include financial lease receivables.

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

	<b>Carrying Value</b>	<b>Fair Value</b>
	<b>Prior Period</b>	<b>Prior Period</b>
<b>Financial Assets</b>	112.903.819	111.821.177
Money Market Placements	5.721.043	5.721.043
Banks	1.957.080	1.957.080
Financial assets whose fair value difference is reflected in other comprehensive income	11.089.289	11.089.289
Held-To-Maturity Investments	12.825.981	14.672.465
Loans (1)	81.310.426	78.381.300
<b>Financial Liabilities</b>	101.835.946	100.581.896
Bank Deposits	-	-
Other Deposits	-	-
Funds Provided From Other Financial Institutions (3)	77.853.068	77.853.068
Marketable Securities Issued (2)	21.553.457	20.299.407
Miscellaneous Payables	2.429.421	2.429.421

(1) Loans include financial lease receivables.

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

(3) Funds provided from other financial institutions include funds borrowed, borrower funds and money market borrowings.

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- The stock market value as of the balance sheet date was used to calculate the actual value of the financial assets measured by the amortized cost.

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**SECTION FOUR (Continued)**

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

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

- iv- For the fair value calculation of marketable securities, 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 involve 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	279.882	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	3.760.252	6.029.158	3.191
Loans at Fair Value Through Profit or Loss	-	-	-
Derivative Financial Assets Held-for-trading (1)	-	1.624.058	-
Derivative Financial Assets for Hedging Purposes (1)	-	310.639	-
<b>Financial Liabilities</b>			
Derivative Financial Liabilities Held-for-trading (2)	-	978.182	-
Derivative Financial Liabilities for Hedging Purposes (2)	-	169.976	-

(1) Positive differences between 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.

(2) 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.

Prior Period	Level I	Level II	Level III
<b>Financial Assets</b>			
Financial Assets at Fair Value Through Profit or Loss	98.313	77.286	-
Financial Assets at Fair Value Through Other Comprehensive Income	3.408.510	7.656.651	12.278
Loans at Fair Value Through Profit or Loss	-	-	-
Derivative Financial Assets Held-for-trading (1)	-	2.007.670	-
Derivative Financial Assets for Hedging Purposes (1)	-	387.926	-
<b>Financial Liabilities</b>			
Derivative Financial Liabilities Held-for-trading (2)	-	998.333	-
Derivative Financial Liabilities for Hedging Purposes (2)	-	134.010	-

(1) Positive differences between 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.

(2) 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 CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)**

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

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

	<b>Current Period</b>	<b>Prior Period</b>
<b>Balance Per Period</b>	<b>3.191</b>	<b>266.288</b>
Purchases	-	-
Redemption or Sale	-	(263.097)
Valuation Difference	-	-
Transfers	-	-
<b>End of Period Balance</b>	<b>3.191</b>	<b>3.191</b>

The real estate registered by the parent company Bank under tangible assets at fair value is at level 2, and the investment properties of the companies included in the consolidation are at level 2 and 3.

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 on behalf of others, explanations and footnotes on faith-based transactions**

The main partnership Bank provides management and consultancy services in the name and account of others, such as purchase, sale, custody, financial matters. No faith-based transactions are carried out by the parent company Bank.

**X. Disclosures on consolidated risk management**

**Linkages between financial statements and risk amounts**

The footnotes and related explanations prepared in accordance with the "Communiqué on Public Disclosures to be Made by Banks on Risk Management" published in the Official Gazette No. 29511 on October 23, 2015 and entered into force as of March 31, 2016 are given in this section.

Since the standard approach is used in the Bank's capital adequacy calculation, tables on methods based on internal models are not included in accordance with the relevant communique.

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**SECTION FOUR (Continued)**

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

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

**Explanations on the Parent Bank's risk management approach and risk weighted amounts**

Within the scope of the risk management approach of the parent Bank, the policies and implementation principles determined by the Board of Directors and in a way that serves to create a common risk culture throughout the institution; It is in a structure where risks are defined in accordance with international regulations and measurement, analysis, monitoring and reporting activities are carried out within this framework.

A Risk Management Department has been established within the Bank in order to ensure compliance with the relevant policies, implementation 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 are determined by the regulations approved by the Board of Directors, is independent of executive activities and executive units and reports to the Audit Committee. In addition, the Risk Committee has been established and meets regularly in order to assess the risks to which the Bank is exposed, to formulate risk management policies and submit them to the Board of Directors for approval, to determine the practices related to the management of risks and risk limits, to submit them to the Board of Directors for approval, to monitor them, and to ensure coordination between the Bank's executive units and internal systems.

The Risk Management Department carries out these activities by developing the systems needed in the risk management process, monitors the compliance of risks with policies and standards, the Bank's limits and risk appetite indicators, and continues its efforts to comply with the relevant legal regulations and Basel criteria. In addition to the standard approaches used for legal reporting, the risk measurements subject to reporting are also carried out with advanced approaches through internal models and are also supported by stress tests.

The Risk Management Department submits detailed solo and consolidated risk management reports prepared on a monthly and quarterly basis to the Board of Directors through the Audit Committee. In these reports, measurements, stress tests and scenario analyses related to basic risks are included, and compliance with the determined limit level and risk appetite indicators is monitored.

Stress tests on credit, market interest rate and liquidity risk are carried out at regular intervals to conduct forward-looking risk assessments and assess the impact of the results on the Bank's financial strength in general. The relevant results are reported to the Audit Committee and contribute to the assessment of the Bank's financial structure in times of stress. Stress test scenarios are created by evaluating the effects of past economic crises on macroeconomic indicators and expectations for the future period. In the light of the stress scenarios created, the Bank's risks and capital position in the upcoming period are predicted, necessary analyses are made in terms of legal and internal capital adequacy ratios, and the ISEDES report is reported to the BRSA.

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

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

**X. Explanations related to consolidated 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)	91.250.195	64.939.218	7.300.016
2	Standardised approach	91.250.195	64.939.218	7.300.016
3	Internal rating-based approach	-	-	-
4	Counterparty credit risk	1.169.625	1.802.158	93.570
5	Standardised approach for counterparty credit risk	1.169.625	1.802.158	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	1.903.575	3.419.475	152.286
17	Standardised approach	1.903.575	3.419.475	152.286
18	Internal model approaches	-	-	-
19	Operational risk	9.013.514	4.647.834	721.081
20	Basic indicator approach	9.013.514	4.647.834	721.081
21	Standard approach	-	-	-
22	Advanced measurement approach	-	-	-
23	The amount of the discount threshold under the equity (subject to a 250% risk weight)	5.377.275	3.233.153	430.182
24	Floor adjustment	-	-	-
25	<b>Total (1+4+7+8+9+10+11+12+16+19+23+24)</b>	<b>108.714.184</b>	<b>78.041.838</b>	<b>8.697.135</b>

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**SECTION FOUR (Continued)**

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

**X. Explanations related to consolidated risk management (Continued)**

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

**Differences and linkage between scopes of accounting consolidation and regulated consolidation**

Current Period	Carrying values in financial statements prepared as per TAS (1)	Carrying values in consolidated financial statements prepared as per TAS	Carrying values of items in accordance with Turkish Accounting Standards				
			Subject to credit risk	Subject to counterparty credit risk	Securitization Positions	Subject to market risk	Not subject to capital requirements or subject to deduction from capital
<b>Assets</b>							
Cash and balances at Central Bank	3.646.776	2.942.305	2.942.825	-	-	-	-
Banks	1.368.127	5.256.480	5.129.319	290.472	-	-	-
Money Market Placements	1.498.583	7.424.016	7.423.560	828	-	828	-
Financial Assets at Fair Value Through Profit or Loss	766.537	409.358	263.352	-	-	161.997	-
Financial Assets at Fair Value Through Other Comprehensive Income	9.784.586	9.766.338	9.862.173	919.660	-	-	-
Financial Assets Measured at Amortized Cost	16.533.033	18.880.649	18.894.112	2.618.244	-	-	-
Derivative Financial Assets	3.680.156	1.934.697	-	1.934.697	-	1.005.504	-
Loans	105.325.101	123.032.943	131.216.811	-	-	-	-
Leasing Receivables	455.675	379.739	452.370	-	-	-	-
Factoring Receivables	-	-	-	-	-	-	-
Assets Held for Sale and Discontinued Operations	-	-	-	-	-	-	-
Associates (net)	1.888.639	2.825.834	2.825.834	-	-	-	765.827
Subsidiaries (net)	-	101.016	101.016	-	-	-	-
Joint-Ventures (net)	-	13.058	13.058	-	-	-	-
Tangible Assets (net)	1.556.829	2.237.255	2.233.970	-	-	-	3.285
Intangible Assets (net)	8.814	8.118	-	-	-	-	8.118
Investment Properties (net)	1.012.615	1.430.350	1.430.350	-	-	-	-
Tax Assets	248	691	691	-	-	-	-
Deffered Tax Assets	567.469	1.480.605	1.480.605	-	-	-	-
Other Assets	456.027	2.790.400	1.013.241	70.926	-	-	1.781.124
<b>Total Assets</b>	<b>148.549.215</b>	<b>180.913.852</b>	<b>185.283.287</b>	<b>5.834.827</b>	<b>-</b>	<b>1.168.329</b>	<b>2.558.354</b>

(1) Pursuant to the sixth paragraph of Article 5 of the Communiqué on the Preparation of Consolidated Financial Statements of Banks, the financial statements prepared as of 30 June 2023 were used.

(2) 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 are included in accordance with the IAS.

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

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

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

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

**Differences and linkage between scopes of accounting consolidation and regulated consolidation (continued)**

Current Period	Carrying values in financial statements prepared as per TAS (1)	Carrying values in consolidated financial statements prepared as per TAS	Carrying values of items in accordance with Turkish Accounting Standards				
			Subject to credit risk	Subject to counterparty credit risk	Securitization Positions	Subject to market risk	Not subject to capital requirements or subject to deduction from capital
<b>Liabilities</b>							
Deposits	-	-	-	-	-	-	-
Funds Borrowed	94.962.117	106.851.110	-	-	-	-	106.851.110
Money Market Funds	5.003.224	3.727.880	-	2.479.631	-	-	1.248.249
Securities Issued	20.082.535	34.148.450	-	-	-	-	34.148.450
Funds	728.332	1.482.480	-	-	-	-	1.482.480
Financial Liabilities at Fair Value Through Profit or Loss	-	-	-	-	-	-	-
Derivative Financial Liabilities	1.441.631	1.148.158	-	297.249	-	856.806	14.534
Factoring Payables	-	-	-	-	-	-	-
Lease Payables	26.594	39.250	-	-	-	-	39.250
Provisions	1.656.767	2.081.013	-	-	-	-	2.081.013
Current Tax Liability	212.457	971.818	-	-	-	-	971.818
Deffered tax Liability	-	-	-	-	-	-	-
Liabilities for Assets Held for Sale and Discontinued Operations (net)	-	-	-	-	-	-	-
Subordinated Debts	5.314.139	6.043.090	-	-	-	-	6.043.090
Other Liabilities	2.264.432	2.595.551	-	1.622.295	-	-	973.256
Shareholders' Equity	16.856.987	21.825.052	-	-	-	-	21.825.052
<b>Total Liabilities</b>	<b>148.549.215</b>	<b>180.913.852</b>	<b>-</b>	<b>4.399.175</b>	<b>-</b>	<b>856.806</b>	<b>175.678.302</b>

(1) Pursuant to the sixth paragraph of Article 5 of the Communiqué on the Preparation of Consolidated Financial Statements of Banks, the financial statements prepared as of 30 June 2023 were used.

(2) 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 are included in accordance with the IAS.

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

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

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

**Differences and linkage between scopes of accounting consolidation and regulated consolidation (continued)**

Prior Period  Assets	Carrying values in financial statements prepared as per TAS (1)	Carrying values in consolidated financial statements prepared as per TAS	Carrying values of items in accordance with Turkish Accounting Standards				
			Subject to credit risk	Subject to counterparty credit risk	Securitization Positions	Subject to market risk (2)	Not subject to capital requirements or subject to deduction from capital
Cash and Balances at Central Bank	2.474.270	2.797.569	2.797.942	-		-	-
Financial Assets Held for Trading	3.364.973	1.951.152	1.780.640	282.215		-	-
Financial Assets at Fair Value through Profit and Loss	2.237.325	5.720.467	5.719.293	1.750		-	-
Bank	50.977	175.599	-	-		-	-
Money Market Placements	11.744.286	11.089.289	11.205.086	3.451.370		-	-
Financial Assets Available-for-Sale (net)	8.548.593	12.813.773	12.825.981	2.176.525		-	-
Loans and Receivables	2.582.621	2.395.606	-	2.395.606		969.697	-
Factoring Receivables	65.981.598	75.519.567	80.930.195	-		-	-
Investment Held-to-Maturity (net)	396.691	283.078	380.231	-		-	-
Investment in Associates (net)	-	-	-	-		-	-
Investment in Subsidiaries (net)	-	-	-	-		-	-
Joint-Ventures (net)	914.032	1.493.750	1.493.750	-		-	248.658
Finance Lease Receivables	-	51.970	51.970	-		-	-
Derivative Financial Assets Held for Risk Management	-	5.628	5.628	-		-	-
Tangible Assets (net)	484.832	1.214.227	1.210.936	-		-	3.291
Intangible Assets (net)	2.530	4.278	-	-		-	4.278
Investment Properties	336.177	764.910	764.910	-		-	-
Tax Assets	118.671	177	177	-		-	-
Assets Held for Sale and Discontinued Operations (net)	680.858	724.131	724.131	-		-	-
Other Assets	949.331	616.489	357.870	1.437		-	260.358
<b>Total Assets</b>	<b>100.867.765</b>	<b>117.621.660</b>	<b>120.248.740</b>	<b>8.308.903</b>		<b>969.697</b>	<b>516.585</b>

(1) The consolidated financial statements prepared in accordance with the sixth paragraph of the Article 5 in the Communiqué on Preparation of Consolidated Financial Statements of the Banks as at June 30, 2022 are used.

(2) 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".



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

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

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

**Differences and linkage between scopes of accounting consolidation and regulated consolidation (continued)**

Prior Period  Liabilities	Carrying values in financial statements prepared as per TAS (1)	Carrying values in consolidated financial statements prepared as per TAS	Carrying values of items in accordance with Turkish Accounting Standards				
			Subject to credit risk	Subject to counterparty credit risk	Securitization Positions	Subject to market risk (2)	Not subject to capital requirements or subject to deduction from capital
Deposits	-	-	-	-	-	-	-
Funds Borrowed	63.734.523	70.814.085	-	2.234.168	-	-	68.579.917
Money Market Funds	1.999.566	2.472.123	-	1.442.518	-	-	1.029.605
Securities Issued	19.627.653	21.553.457	-	-	-	-	21.553.457
Funds	330.575	737.733	-	-	-	-	737.733
Financial Liabilities at Fair Value Through Profit or Loss	-	-	-	-	-	-	-
Derivative Financial Liabilities	989.809	1.132.353	-	401.666	-	857.749	30.854
Factoring Payables	-	-	-	-	-	-	-
Lease Payables	5.832	5.563	-	-	-	-	5.563
Provisions	733.880	1.071.429	-	-	-	-	1.071.429
Current Tax Liability	485	580.310	-	-	-	-	580.310
Deffered tax Liability	6.476	-	-	-	-	-	-
Liabilities for Assets Held for Sale and Discontinued Operations (net)	-	-	-	-	-	-	-
Subordinated Debts	3.408.349	3.829.127	-	-	-	-	3.829.127
Other Liabilities	1.734.634	2.433.024	-	1.799.501	-	-	633.523
Shareholders' Equity	8.295.983	12.992.456	-	-	-	-	12.992.456
<b>Total Liabilities</b>	<b>100.867.765</b>	<b>117.621.660</b>	<b>-</b>	<b>5.877.853</b>	<b>-</b>	<b>857.749</b>	<b>111.043.974</b>

(1) The consolidated financial statements prepared in accordance with the sixth paragraph of the Article 5 in the Communiqué on Preparation of Consolidated Financial Statements of the Banks as at June 30, 2022 are used.

(2) 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.

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

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

**X. Explanations related to consolidated 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 (1)</b>	<b>Securitization Positions</b>	<b>Counterparty credit risk (1)</b>	<b>Market risk (2)</b>
1	Asset carrying value amount under scope of regulatory consolidation	180.913.852	185.283.287	-	5.834.827	1.168.329
2	Liabilities carrying value amount under regulatory scope of consolidation	180.913.852	-	-	4.399.175	856.806
	<b>Total net amount</b>		<b>185.283.287</b>	-	<b>1.435.652</b>	<b>311.523</b>
3	Off-balance sheet amounts	162.490.806	10.572.117	-	516.854	-
4	Differences due to prudential filters	-	(60.742.260)	-	(303.250)	1.592.052
	<b>Risk Amounts</b>	<b>-</b>	<b>135.113.144</b>	<b>-</b>	<b>1.649.256</b>	<b>1.903.575</b>

(1)The risk amount before the Credit Risk Mitigation are given in credit risk and the counterparty credit risk.

(2)The valuation amounts of financial instruments included in trading accounts in accordance with TAS are included.

	<b>Prior Period</b>	<b>Total</b>	<b>Credit Risk (1)</b>	<b>Securitization Positions</b>	<b>Counterparty credit risk (1)</b>	<b>Market risk (2)</b>
1	Asset carrying value amount under scope of regulatory consolidation	117.621.660	120.248.740	-	8.308.903	969.697
2	Liabilities carrying value amount under regulatory scope of consolidation	117.621.660	-	-	5.877.853	857.749
	<b>Total net amount</b>	<b>-</b>	<b>120.248.740</b>	<b>-</b>	<b>2.431.050</b>	<b>111.948</b>
3	Off-balance sheet amounts	126.138.662	7.680.780	-	339.088	-
4	Differences due to prudential filters	-	(28.863.980)	-	(218.719)	3.307.527
	<b>Risk Amounts</b>	<b>-</b>	<b>99.065.540</b>	<b>-</b>	<b>2.551.419</b>	<b>3.419.475</b>

(1)The risk amount before the Credit Risk Mitigation are given in credit risk and the counterparty credit risk.

(2) Gross position amounts included in the calculation of market risk are taken as basis.

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**SECTION FOUR (Continued)**

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

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

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

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

There is no major differences between the financial and regulatory scope of consolidation.

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 Parent Bank takes into consideration the principles stipulated in Annex 3 of the Regulation on the Measurement and Assessment of the Capital Adequacy of Banks for all positions concerning its trading and banking book to be considered in the measurement of its fair value and capital adequacy. The Bank generally uses fair value as valuation methodology. Valuation methods are covered in detail under the title "VIII. Disclosures on financial assets" in section "Accounting Policies" of section three of the report.

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**SECTION FOUR (Continued)**

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

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

**Explanations on credit risk**

**General qualitative information on credit risk**

Credit risk is the possibility of incurring losses due to the credit fulfill 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)		
<b>Current Period</b>			(c)	(d)
1 Loans	3.946.128	161.130.231	8.266.135	156.810.224
2 Debt Securities	-	27.833.768	90.302	27.743.466
3 Off-balance sheet exposures	265.751	24.635.111	194.865	24.705.997
4 <b>Total</b>	<b>4.211.879</b>	<b>213.599.110</b>	<b>8.551.302</b>	<b>209.259.687</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)		
<b>Prior Period</b>			(c)	(d)
1 Loans	2.333.976	99.777.462	5.516.395	96.595.043
2 Debt Securities	-	23.587.865	192.323	23.395.542
3 Off-balance sheet exposures	4.091	22.724.967	49.850	22.679.208
4 <b>Total</b>	<b>2.338.067</b>	<b>146.090.294</b>	<b>5.758.568</b>	<b>142.669.793</b>

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**SECTION FOUR (Continued)**

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

**X. Explanations related to consolidated 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</b>	2.338.067
2	Loans and debt securities that have defaulted since the last reporting period	2.246.107
3	Receivables back to non-defaulted status	-
4	Amounts written off	84.611
5	Other changes	(287.684)
6	<b>Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5)</b>	<b>4.211.879</b>

	<b>Prior Period</b>	<b>Balance</b>
1	<b>Defaulted loans and debt securities at end of the previous reporting</b>	<b>2.085.960</b>
2	Loans and debt securities that have defaulted since the last reporting period	585.605
3	Receivables back to non-defaulted status	-
4	Amounts written off	557.916
5	Other changes	224.418
6	<b>Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5)</b>	<b>2.338.067</b>

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

The Parent 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 Parent 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 Parent 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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**SECTION FOUR (Continued)**

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

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

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

**Additional disclosure related to the credit quality of assets (continued)**

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

Breakdown of receivables by major regions, sectors and remaining maturities is included in notes under Section Four, Note II, "Explanations Related to Consolidated 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 Bank's reserve receivables consist of domestic receivables. On a sector-by-sector basis, the Bank's reserve receivables and related reserve amounts are included in the note "Miscellaneous information according to important sectors or counterparty type" under "Disclosures Regarding Consolidated Credit Risk" in Chapter II of Chapter Four. 100% provision is allocated for these receivables. As of December 31, 2023, the amount of written off receivables is TL 84.611 (December 31, 2022: TL 557.916).

***The aging analysis of the receivables past due***

The aging analysis of the receivables past due is presented in footnote under Section Four II. "Explanations related to consolidated credit risk".

**Credit Risk Mitigation**

**Qualitative disclosure on credit risk mitigation techniques**

In 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 Reduction Techniques. Offsetting is not used as credit risk reduction technique.

Financial collaterals are assessed on a daily basis at the Parent Bank. Depending on the use of the comprehensive financial guarantee method, the risk-mitigating effects of the collateral are taken into account by means of standard volatility adjustments. Valuations of real estate mortgages used in capital adequacy calculations are regularly reviewed. The value of the real estates 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 conducted as of December 31, financial guarantees, guarantees and mortgages were used as credit risk reduction in the calculation of the amount based on consolidated credit risk.

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

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

**Explanations related to credit risk (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	151.320.005	4.440.520	1.500.712	957.901	14.696	-	-
2	Debt securities	27.839.301	-	-	-	-	-	-
3	<b>Total</b>	<b>179.159.306</b>	<b>4.440.520</b>	<b>1.500.712</b>	<b>957.901</b>	<b>14.696</b>	<b>-</b>	<b>-</b>
4	Of which default	3.946.128	-	-	-	-	-	-

		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	93.131.360	2.058.786	867.420	1.268.350	633.850	-	-
2	Debt securities	23.532.090	-	-	-	-	-	-
3	<b>Total</b>	<b>116.663.450</b>	<b>2.058.786</b>	<b>867.420</b>	<b>1.268.350</b>	<b>633.850</b>	<b>-</b>	<b>-</b>
4	Of which default	2.333.975	-	-	-	-	-	-

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES**  
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**INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)**

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

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

**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 "Credit risk under standard approach" under Section Four, Note II "Explanations related to consolidated credit risk".

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

	Current 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
	<b>Risk Groups</b>						
1	Exposures to sovereigns and their central banks	25.953.302	-	25.958.385	-	-	%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	14.467.953	614.255	12.700.143	144.180	3.134.475	%24
7	Exposures to corporates	79.346.109	12.722.296	79.334.904	6.579.557	80.818.768	%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	3.945.792	-	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	333.625	-	333.625	-	333.625	%100
16	Other exposures	5.701.255	363.214	5.260.961	103.663	5.365.360	%100
17	Equity investments	2.780.064	-	2.780.064	-	6.006.429	%216
18	<b>Total</b>	<b>133.520.559</b>	<b>13.878.091</b>	<b>128.226.978</b>	<b>6.886.166</b>	<b>96.627.470</b>	<b>%72</b>



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**SECTION FOUR (Continued)**

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

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

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

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

**Credit risk exposure and credit risk mitigation effects (continued)**

	<b>Prior Period</b>	<b>Exposures before credit conversion factor and credit risk mitigation</b>		<b>Exposures post credit conversion factor and credit risk mitigation</b>		<b>Risk weighted amount and risk weighted amount density</b>	
		<b>On-Balance sheet amount</b>	<b>Off-balance sheet amount</b>	<b>On-Balance sheet amount</b>	<b>Off-balance sheet amount</b>	<b>Risk weighted amount</b>	<b>Risk weighted amount density</b>
	<b>Risk Groups</b>						
1	Exposures to sovereigns and their central banks	22.007.657	-	22.017.973	-	-	%0
2	Exposures to regional and local governments	-	-	-	-	-	-
3	Exposures to administrative bodies and noncommercial entities	-	11.516	-	2.303	2.303	%100
4	Exposures to multilateral development banks	65.251	-	65.251	-	-	%0
5	Exposures to international organizations	-	-	-	-	-	-
6	Exposures to banks and securities firms	8.604.982	3.793.697	8.605.212	669.572	2.589.125	%28
7	Exposures to corporates	56.386.972	62.451.594	56.376.426	5.353.159	58.112.958	%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	2.327.217	-	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	577.716	-	577.716	-	577.716	%100
16	Other exposures	3.139.832	239.483	2.516.611	105.607	2.622.216	%100
17	Equity investments	1.711.733	-	1.711.733	-	3.651.624	%213
18	<b>Total</b>	<b>95.694.506</b>	<b>67.119.198</b>	<b>92.930.981</b>	<b>6.134.559</b>	<b>68.172.371</b>	<b>%69</b>

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES**  
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**INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)**

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

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

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

**Exposures by asset classes and risk weights**

	Current Period												
	Risk Groups/ Risk Weight	%0	%10	%20	%25	%50 Secured by Real Estate Property	%75	%100	%150	%200	%250	%500	Total Risk Amount (after CCR and CVA)
1	Exposures to sovereigns and their central banks	25.958.385	-	-	-	-	-	-	-	-	-	-	25.958.385
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	-	-	10.990.990	-	1.834.112	-	19.221	-	-	-	-	12.844.323
7	Exposures to corporates	-	-	1.748.313	-	8.155.585	-	75.902.227	-	17.532	-	90.804	85.914.461
8	Retail exposures	-	-	-	-	-	-	-	-	-	-	-	-
9	Exposures secured by property	-	-	-	-	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	Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-	-	-	-	-	-	-
13	Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-	-
14	Equity investments in the form of collective investment undertakings	-	-	-	-	-	-	333.625	-	-	-	-	333.625
15	Equity investments	-	-	-	-	-	-	629.154	-	-	2.150.910	-	2.780.064
16	Other exposures	1	-	-	-	-	-	5.363.149	1.474	-	-	-	5.364.624
17	<b>Toplam</b>	<b>25.998.337</b>	<b>-</b>	<b>12.739.303</b>	<b>-</b>	<b>11.808.563</b>	<b>-</b>	<b>82.305.151</b>	<b>2.544</b>	<b>17.532</b>	<b>2.150.910</b>	<b>90.804</b>	<b>135.113.144</b>

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES**  
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**INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)**

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

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

**Credit risk under standardised 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	22.017.973	-	-	-	-	-	-	-	-	-	22.017.973
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	-	-	6.827.649	-	2.447.080	-	55	-	-	-	9.274.784
7	Exposures to corporates	-	-	1.804.268	-	5.104.304	-	54.442.071	-	378.942	-	61.729.585
8	Retail exposures	-	-	-	-	-	-	-	-	-	-	-
9	Exposures secured by property	-	-	-	-	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	Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-	-	-	-	-	-
13	Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-
14	Equity investments in the form of collective investment undertakings	-	-	-	-	-	-	577.716	-	-	-	577.716
15	Equity investments	-	-	-	-	-	-	418.472	-	-	1.293.261	1.711.733
16	Other exposures	2	-	-	-	-	-	2.622.216	-	-	-	2.622.218
17	<b>Toplam</b>	<b>22.083.226</b>	<b>-</b>	<b>8.631.917</b>	<b>-</b>	<b>8.530.518</b>	<b>-</b>	<b>58.063.637</b>	<b>84.039</b>	<b>378.942</b>	<b>1.293.261</b>	<b>99.065.540</b>

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**SECTION FOUR (Continued)**

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

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

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

**Qualitative disclosures on CCR (continued)**

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

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

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

**Analysis of counterparty credit risk (CCR) 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)	493.990	185.586	-	1,4	951.406	591.164
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>1.526.927</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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**INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)**

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

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

**Standardised approach – Counterparty credit risk exposures by regulatory portfolio and risk weights**

Current Period									
Risk Weight									
Risk Groups	0%	10%	20%	50%	75%	100%	150%	Other	Total credit exposure(1)
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 Exposures Amount: The amount which is related to capital adequacy calculation after implementation of counter party credit risk mitigation techniques

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES**  
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**INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)**

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

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

**Standardised approach – Counterparty credit risk exposures by regulatory portfolio and risk weights (continued)**

Prior Period									
Risk Weight									
Risk Classes	0%	10%	20%	50%	75%	100%	150%	Other	Total credit exposure(1)
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	-	-	186.379	1.289.156	-	-	-	-	1.475.535
Exposures to corporates	-	-	5.366	48.319	-	812.400	4.466	-	870.551
Retail exposures	-	-	-	-	-	-	-	-	-
Other exposures	-	-	-	-	-	149	-	-	149
<b>Total</b>	<b>80.614</b>	<b>-</b>	<b>191.745</b>	<b>1.337.475</b>	<b>-</b>	<b>813.141</b>	<b>4.466</b>	<b>-</b>	<b>2.427.441</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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**INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)**

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

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

**Collaterals used for CCR**

Current Period	Derivative Financial Instrument Collaterals				Other Instrument Collaterals	
	Collaterals received		Collaterals given		Collaterals received	Collaterals given
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash – domestic currency	-	-	-	-	254.712	-
Cash – foreign currency	944.580	-	99.783	-	1.404.555	-
Domestic sovereign debt	-	-	-	-	828	-
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>1.660.095</b>	<b>-</b>

Prior Period	Derivative Financial Instrument Collaterals				Other Instrument Collaterals	
	Collaterals received		Collaterals given		Collaterals received	Collaterals given
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash – domestic currency	-	-	-	-	185.960	-
Cash – foreign currency	1.173.598	-	113.499	-	2.526.391	-
Domestic sovereign debt	-	-	-	-	1.750	-
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>2.714.101</b>	<b>-</b>

**Credit derivatives**

None (December 31, 2022 : None).



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

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

**Exposure to central counterparties (CCP)**

	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>	219.405	2.768	330.622	3.089
Exposures for trades at QCCPs (excluding initial margin and default fund contributions) of which	91.936	1.838	123.979	2.480
(i) OTC Derivatives	91.924	1.838	111.369	2.227
(ii) Exchange-traded Derivatives	-	-	12.574	251
(iii) Securities financing transactions	12	-	36	1
(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	-	-	-	-

**Explanations on securitizations**

None (December 31, 2022 : None).

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**SECTION FOUR (Continued)**

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

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

**Disclosures 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 measurement, monitoring and reporting is carried out by the Risk Management Department. In the calculation of the market risk, the Bank uses two basic approaches as the BRSA Standard Method and advanced method which are 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 periodically 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>
	Outright products	-	-
1	Interest rate risk (general and specific)	565.600	382.550
2	Equity risk (general and specific)	70.287	24.925
3	Foreign exchange risk	1.267.688	882.325
4	Commodity risk	-	-
	Options		
5	Simplified approach	-	-
6	Delta-plus method	-	-
7	Scenario approach	-	-
8	Securitisation	-	-
9	<b>Total</b>	<b>1.903.575</b>	<b>1.289.800</b>

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

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

**Disclosure 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/No. of years of positive gross	Rate (%)	Total
Gross Income	2.245.130	3.657.714	8.518.778	4.807.207	15	721.081
Capital Requirement for Operational Risk (Total*12,5)						<b>9.013.514</b>

	31/12/2019	31/12/2020	31/12/2021	Total/No. of years of positive gross	Rate (%)	Total
Gross Income	1.533.690	2.245.130	3.657.714	2.478.845	15	371.827
Capital Requirement for Operational Risk (Total*12,5)						<b>4.647.834</b>

**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			
TL	+500 / (400) basis point	(196.047)/182.517	(0,70)% / 0,66%
Euro	+200 / (200) basis point	(97.266)/112.645	(0,35)% / 0,40%
US Dollar	+200 / (200) basis point	(938.321)/1.085.996	(3,37)% / 3,90%
<b>Total (for Negative Shocks)</b>		<b>1.381.158</b>	<b>%4,97</b>
<b>Total (for Positive Shocks)</b>		<b>(1.231.634)</b>	<b>%(4,43)</b>

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

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**SECTION FIVE**

**EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS**

**I. Explanations and disclosures related to the consolidated 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	1	-	2	-
Balances with the Central Bank of Turkey	8.682	2.934.142	18.958	2.778.981
Other	-	-	-	-
<b>Total</b>	<b>8.683</b>	<b>2.934.142</b>	<b>18.960</b>	<b>2.778.981</b>

	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 (December 31, 2022: TL 372) is allocated in "Balances with the Central Bank of Turkey".

(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 CONSOLIDATED FINANCIAL STATEMENTS**

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

**1.a 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:

<b>Reserve Rates for Turkish Lira Liabilities (%)</b>	
<b>Original Maturity</b>	<b>Reserve Ratio</b>
Borrower Funds	0
Until 1 year maturity (1 year included)	8
1-3 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

  

<b>Original Maturity</b>	<b>Reserve Ratio</b>
Borrower Funds	25
Until 1 year maturity (1 year included)	21
1-2 year maturity (2 year included)	16
2-3 year maturity (3 year included)	11
3-5 year maturity (5 year included)	7
More than 5 year maturity	5

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**SECTION FIVE**

**EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS**

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

**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 Information on financial assets designated at fair value through profit and loss given as repurchase agreements:**

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

**2.c Positive differences related to derivative financial assets :**

Derivative Instruments (1)	Current Period		Prior Period	
	FC	TL	FC	FC
Forward Transactions	5.461	857	90.994	870
Swap Transactions	469.361	1.148.379	869.636	1.046.180
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>474.822</b>	<b>1.149.236</b>	<b>960.630</b>	<b>1.047.050</b>

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

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

**2.d Loans at Fair Value Through Profit or Loss:**

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

In the previous period, as of March 31, 2022, 192.500.000.000 Group A registered shares, representing 55% of the capital of Türk Telekomünikasyon A.Ş., owned by LYY Telekomünikasyon A.Ş., were sold to the Türkiye Wealth Fund, and as a result of the collection made from the sale amount, the portion of the loan corresponding to the Bank's share was closed. It is reserved for the entire loan amount remaining after collection. As of June 30, 2022, it was classified as non-performing receivables and was accountingly written off together with the special reserve amount set aside under IFRS 9 due to the fact that there was no reasonable expectation of its recovery.

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

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

**3. Information on banks and foreign bank accounts**

**3.a Information on banks:**

	Current Period (1)		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic	198.512	4.368.862	464.264	299.523
Foreign	-	693.883	-	1.193.293
Branches and head office abroad	-	-	-	-
<b>Total</b>	<b>198.512</b>	<b>5.062.745</b>	<b>464.264</b>	<b>1.492.816</b>

(1) Expected credit loss amounting to TL 4.777 (December 31, 2022: TL 5.928) is allocated in "Banks".

**3.b Information on banks and foreign bank accounts:**

	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. Available-for-sale financial assets subject to repurchase agreements:**

**4.a.1 Information on financial assets at fair value through other comprehensive income subject to repurchase agreements:**

	Current Period		Prior Period	
	TP	YP	TP	YP
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 balance sheet date, 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	
	TP	YP	TP	YP
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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**EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS**  
**(Continued)**

**I. Explanations and disclosures related to the consolidated 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 37,57%, Eurobonds 52,85% and shares and other securities 9,58% (December 31, 2022: 25,67% government bonds, 62,25% Eurobonds, 12,08% shares and other securities).

**4.c. Information on financial assets at fair value through other comprehensive income:**

	Current Period	Prior Period
Debt securities	8.926.193	10.281.932
Quoted on a stock exchange	3.748.551	3.213.493
Unquoted	5.177.642	7.068.439
Share certificates	921.878	524.622
Quoted on a stock exchange	108.512	57.569
Unquoted	813.366	467.053
Impairment provision(-)	(81.733)	(185.011)
Other	-	467.746
<b>Total</b>	<b>9.766.338</b>	<b>11.089.289</b>

*There is no provision for "Financial Assets at Fair Value Through Other Comprehensive Income"*

The net book value of unquoted financial assets at fair value through other comprehensive income share certificates of the Group is TL 808.472 (December 31, 2022: TL 462.159).

**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>



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**(Continued)**

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

**5. Explanation on loans (continued)**

**5.b Information on Standard and Close Monitoring loans and restructured Close Monitoring loans:**

Current Period (1)		Loans Under Close Monitoring		
		Loans Not Subject to Restructuring	Amendments on Conditions of Contract	
Cash Loans	Standard Loans		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	1.524.750	-	-	-
<b>Total</b>	<b>114.502.663</b>	<b>6.023.402</b>	<b>6.744.619</b>	<b>-</b>

(1) According to Parent Bank account plan purchasing Loans, Fleet Leasing Credits, Refinancing Loans and Portfolio Transfer Credits amounting to TL 1.763.838 shown under "Working Capital Loans", due to the nature of "Investment" shown under the category "other" in the above footnote.

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

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

**5. Explanations on loans (continued)**

**5.b Information on the first and second group loans and other receivables including restructured or rescheduled loans: (continued)**

**5.b.2 Loans at measured amortized cost**

Prior Period (1)	Standard Loans	Loans Under Close Monitoring		
		Loans Not Subject to Restructuring	Amendments on Conditions of Contract	
Cash Loans			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	1.029.380	-	-	-
<b>Total</b>	<b>68.963.085</b>	<b>3.091.489</b>	<b>6.541.645</b>	<b>-</b>

(1) According to Parent Bank account plan purchasing Loans, Fleet Leasing Credits, Refinancing Loans and Portfolio Transfer Credits amounting to TL 648.919 shown under "Working Capital Loans", due to the nature of "Investment" shown under the category "other" in the above footnote.

	Current Period		Prior period	
	Standard Loans	Loans under Close Monitoring	Standard Loans	Loans under Close Monitoring
12 Months Expected Credit Loss	1.207.821	-	709.071	-
Significant Increase in Credit Risk	-	3.968.988	-	2.651.648

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

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

**5. Explanations on loans (continued)**

**5.c Loans according to their maturity structure:**

Current Period (*)	Standard Loans	Loans Under Close Monitoring	
		Nonrestructured	Restructured
Short-term loans	8.306.883	218.923	2.041
Non-specialized loans	6.782.133	218.923	2.041
Specialized loans	-	-	-
Other receivables	1.524.750	-	-
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	-	-	-

(\*) It does not include loans measured at fair value through profit/loss.

Prior Period (*)	Standard Loans	Loans Under Close Monitoring	
		Nonrestructured	Restructured
Short-term loans	6.305.252	103.568	-
Non-specialized loans	5.275.872	103.568	-
Specialized loans	-	-	-
Other receivables	1.029.380	-	-
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	-	-	-

(\*) It does not include loans measured at fair value through profit/loss.

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**(Continued)**

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

**5. Explanations 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 Instalments	-	-	-
Without Instalments	-	-	-
Individual Credit Cards-FC	-	-	-
With Instalments	-	-	-
Without Instalments	-	-	-
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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**EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS**

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

**5. Explanations 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	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Consumer Loans -Indexed to FC	-	-	-
Real Estate Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	-	-
Real Estate Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Individual Credit Cards-TL	-	-	-
With Instalments	-	-	-
Without Instalments	-	-	-
Individual Credit Cards-FC	-	-	-
With Instalments	-	-	-
Without Instalments	-	-	-
Personnel Loans- TL	404	5.517	5.921
Real Estate Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	404	5.517	5.921
Other	-	-	-
Personnel Loans- Indexed to FC	-	-	-
Real Estate Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Real Estate Loans	-	-	-
Car 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>404</b>	<b>5.517</b>	<b>5.921</b>

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**EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS**  
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**I. Explanations and disclosures related to the consolidated assets (continued)**

**5. Explanations on loans (continued)**

**5.e Information on commercial loans with instalments and corporate credit cards:**

The Parent 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	125.942.602	78.111.542
<b>Total</b>	<b>127.270.684</b>	<b>78.596.219</b>

(\*)Includes fair value through profit or loss loans

**5.g Domestic and foreign loans:**

	Current Period	Prior Period
Domestic Loans	127.270.684	78.308.933
Foreign Loans	-	287.286
<b>Total</b>	<b>127.270.684</b>	<b>78.596.219</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	241.904	356.834
<b>Total</b>	<b>3.079.691</b>	<b>2.147.062</b>

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**(Continued)**

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

**5. Explanations on loans (continued)**

**5.j Information on non-performing loans (net):**

**5.j.1 Information on loans and other receivables restructured or rescheduled from non-performing loans:**

	<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>			
Gross amounts before provisions	749.784	1.450.294	152.289
Restructured loans	749.784	1.450.294	152.289
<b>Prior Period</b>			
Gross amounts before provisions	282.601	1.646.924	212.455
Restructured loans	282.601	1.646.924	212.455

**5.j.2 Movement of non-performing loans:**

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</b>
	Loans and Receivables With Limited Collectability	Loans and Receivables With Doubtful Collectability	Uncollectible Loans and Receivables
<b>Current Period</b>			
<b>Prior Period End Balance</b>	<b>283.191</b>	<b>1.661.963</b>	<b>388.822</b>
Additions (+)	1.983.177	-	103
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	61.220
Write-offs (-)	-	-	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>258.132</b>
Provisions (-)	1.446.480	1.391.307	241.904
<b>Net Balance on Balance Sheet</b>	<b>791.222</b>	<b>58.987</b>	<b>16.228</b>

(1) As of December 31, 2023, the Bank's impact on the non-performing loan ratio is calculated as 6 basis points when the calculation is made by taking into account the loans deducted.

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

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

**5. Explanations on loans (continued)**

**5.j Information on non-performing loans (net) (continued):**

**5.j.2 Movement of non-performing loans (continued):**

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</b>
	Loans and Receivables With Limited Collectability	Loans and Receivables With Doubtful Collectability	Uncollectible Loans and Receivables
<b>Prior Period</b>			
<b>Prior Period End Balance</b>	<b>335.382</b>	<b>1.264.859</b>	<b>481.278</b>
Additions (+)	21.338	2.046	562.221
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	132.222
Write-offs (-)(1)	-	-	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>388.822</b>
Provisions (-)	232.742	1.557.486	356.834
<b>Net Balance 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 asset (555.295 thousand ). 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.

**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 and Receivables With Limited Collectability	Loans and Receivables With Doubtful Collectability	Uncollectible Loans and Receivables
<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
Specific Provision (-)	586	-	27.594
<b>Net Balance on Balance Sheet</b>	<b>-</b>	<b>-</b>	<b>-</b>



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

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

**5. Explanations on loans (continued)**

**5.j Information on non-performing loans (net) (continued):**

**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 With Limited Collectability	Loans With Doubtful Collectability	Uncollectible Loans
<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)	-	-	6.966
Provision Amount (-)	-	-	6.966
Other Loans and Receivables (Net)	-	-	-

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</b>
	Loans and Receivables With Limited Collectability	Loans and Receivables With Doubtful Collectability	Uncollectible Loans and 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)	-	-	7.035
Provision Amount (-)	-	-	7.035
Other Loans (Net)	-	-	-

**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

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

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

**5. Explanations on loans (continued)**

**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 loans written off is TL 84.611. (December 31, 2022: TL 557.916).

**6. Information on held-to-maturity investments**

**6.a The information was subjected to repo transactions and given as collateral/blocked amount of investments :**

	Current Period		Prior Period	
	TP	FC	TP	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 investments held-to-maturity:**

	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>

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

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

**6. Information on held-to-maturity investments (continued)**

**6.c Information on held-to-maturity investments :**

	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
<b>Impairment provision (-)</b>	-	-
<b>Total</b>	<b>18.894.112</b>	<b>12.825.981</b>

**6.d Movement of held-to-maturity investments 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 Provision (-)	-	-
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>

(1) Expected credit loss amounting to TL 13.462 is allocated in "Financial asset measured at amortized cost" (December 31, 2022: TL 12.207).

**7. Information on investments in associates (net):**

**7.a.1 As per Communiqué on Preparation of Consolidated Financial Statements of Banks and Turkish Accounting Standards unconsolidated associates and reason of unconsolidating:**

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

**7.a.2 Information on unconsolidated associates:**

	Title	Address (City/ Country)	Bank's share percentage-If different voting percentage (%)	Bank's risk group share percentage (%)
1	Terme Metal Sanayi ve Ticaret A.Ş. (Terme)	Istanbul/Turkey	17,83	18,76
2	Ege Tarım Ürünleri Lisanslı Depoculuk A.Ş. (Ege Tarım)	Izmir/Turkey	10,05	20,10

Non-financial associates, as above, are not consolidated in accordance with the Communiqué on "Preparing Consolidated Financial Statements of the Banks".

		Total Assets	Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit /Loss	Prior Period Profit/Loss	Fair Value
1	Terme (1)	7.697	4.826	1.534	-	-	(9)	(244)	-
2	Ege Tarım	76.514	35.320	46.036	994	-	14.218	2.134	-

(1) Represents for the period ended 30 September 2023 financial statements. Prior year profit/loss is obtained from 30 September 2022 financial statements.

**Information on associates disposed in the current period**

In the current period the Group has not disposed any associates.

**Information on associates purchased in the current period**

In the current period the Group has not purchased any associates.

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

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

**7. Information on investments in associates (net) (continued)**

**7.a.3 Information on the consolidated 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)	Istanbul/Turkey	21,75	100,00
2	İş Finansal Kiralama A.Ş. (İş Finansal)	Istanbul/Turkey	29,46	58,19
3	İş Girişim Sermayesi Yatırım Ortaklığı A.Ş. (İş Girişim)	Istanbul/Turkey	16,67	56,79

		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 (1)	51.557.546	6.767.900	62.599	3.000.732	-	1.767.060	826.766	2.759.130
3	İş Girişim (1)	2.242.201	2.234.936	3.447	21.187	-	1.227.673	732.001	308.775

(1) Fair value is calculated over the year-end stock market value.

	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 Received	-	-
Current Year Share of Profit	-	-
Sales	-	-
Revaluation Increase/Decrease (1)	1.330.671	715.850
Provision for Impairment (-)	-	-
Other	-	-
<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 subsidiaries amounting to TL 3.550 are not included in the table (December 31, 2022: TL 2.137).

**Information on associates disposed in the current period**

In the current period the Group has not disposed any associates.

**Information on associates purchased in the current period**

In current period the Group has not purchased any associates.

**7.a.4 Sectoral information of consolidated associates 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

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

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

**7.a.5 Information on consolidated associates quoted on stock market:**

	Current Period	Prior Period
Associates Quoted on Domestic Stock Markets	2.150.006	1.180.479
Associates Quoted on Foreign Stock Markets	-	-

**8. Information related to subsidiaries (net)**

**8.a.1 Information related to equity component of subsidiaries:**

	YF	TSKB GYO	Yatırım VKŞ
Current Period (1)	Current Period	Current Period	Current Period
<b>CORE CAPITAL</b>			
Paid-in Capital	63.500	650.000	150
Share Premium	-	1.136	-
Legal Reserves	13.001	8.862	115
Other Comprehensive Income/Loss according to TAS	31.289	-	-
Current and Prior Years' Profit	529.957	2.684.982	409
Leasehold Improvements (-)	3.459	-	-
Intangible Assets (-)	1.738	80	-
<b>Total Core Capital</b>	<b>632.550</b>	<b>3.344.900</b>	<b>674</b>
<b>Supplementary Capital</b>	-	-	-
<b>Capital</b>	-	-	-
<b>Net Available Capital</b>	<b>632.550</b>	<b>3.344.900</b>	<b>674</b>

(1) The information is obtained from financial statements subject to consolidation as of December 31, 2023.

	YF	TSKB GYO	Yatırım VKŞ
Prior Period (1)	Current Period	Current Period	Current Period
<b>CORE CAPITAL</b>			
Paid-in Capital	63.500	650.000	150
Share Premium	-	1.136	-
Legal Reserves	11.359	8.937	47
Other Comprehensive Income/Loss according to TAS	23.175	-	-
Current and Prior Years' Profit	249.255	1.149.455	107
Leasehold Improvements (-)	1.661	-	-
Intangible Assets (-)	363	34	-
<b>Total Core Capital</b>	<b>345.265</b>	<b>1.809.494</b>	<b>304</b>
<b>Supplementary Capital</b>	-	-	-
<b>Capital</b>	-	-	-
<b>Net Available Capital</b>	<b>345.265</b>	<b>1.809.494</b>	<b>304</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. 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 of 519 of the Turkish Commercial Code No 6102. The Parent Bank's internal capital adequacy assessment process is made annually on a consolidated basis. Consolidated subsidiaries and associates are included in the assessment.

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

**8. Information related to subsidiaries (net) (continued)**

**8.a.2 As per Communiqué on Preparation of Consolidated Financial Statements of Banks and Turkish Accounting Standards unconsolidated subsidiaries and reason of unconsolidating 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 Parent Bank are not subject to minimum capital requirement.

**8.a.3 Information related to unconsolidated 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)	Istanbul /Türkiye	99,99	99,99
2	TSKB Sürdürülebilirlik Danışmanlığı A.Ş. (TSKB SD)	Istanbul/Türkiye	100,00	100,00

		Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	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	TSKB SD	17.222	13.893	563	3.025	-	3.366	3.428	-

**8.a.4 Information related to consolidated subsidiaries:**

	Title	Address (City/ Country)	Bank's share percentage-If different voting percentage (%)	Bank's risk group share percentage (%)
1	Yatırım Finansman Menkul Değerler A.Ş.(YF)	Istanbul /Turkey	95,78	98,51
2	TSKB Gayrimenkul Yatırım Ortaklığı A.Ş. (TSKB GYO)	Istanbul/Turkey	88,74	88,74
3	Yatırım Varlık Kiralama A.Ş.	Istanbul/Turkey	100,00	100,00

	Total Assets	Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Fair Value
YF (1)	5.598.442	637.290	74.785	774.776	103.674	282.714	115.122	-
TSKB GYO (1)(2)	3.366.099	3.344.980	3.271.714	15.316	-	1.535.587	1.069.466	3.164.996
Yatırım VKŞ (1)	1.621.851	674.034	-	-	-	371	66	1.621.851

(1) The consolidated financial data of the subsidiaries are prepared in accordance with BRSA regulations. The Parent Bank makes arrangements regarding the consolidation principles.

(2) Its fair value is calculated over the year-end stock market value.

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

**8. Information related to subsidiaries (net) (continued)**

**8.a.4 Information related to consolidated subsidiaries (continued):**

Unconsolidated movement related subsidiaries subjected to consolidation is as follows:

	<b>Current Period(2)</b>	<b>Prior Period</b>
<b>Balance at the Beginning of the Period</b>	<b>1.937.664</b>	<b>881.621</b>
Movements During the Period	1.637.804	1.056.043
Purchases (3)	-	-
Bonus Shares Obtained	-	-
Current Year Shares of Profit	-	-
Sales	-	-
Revaluation Increase (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)

According to the principles of consolidation accounting, the cost values of the consolidated subsidiaries have been deducted from the accompanying consolidated financial statements.

***Subsidiaries disposed in the current period***

In the current period, the Group has not disposed any subsidiaries.

***Subsidiaries purchased in the current period***

In the current period, the Group has not purchased any subsidiaries.

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

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

**8. Information on subsidiaries (net) (continued)**

**8.a.5 Sectoral information on subsidiaries subject to consolidation and the related carrying amounts in the legal books:**

	Current Period	Prior Period
Subsidiaries	-	-
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Financial Service Companies	-	-
Other Financial Subsidiaries	3.575.468	1.937.664

**8.a.6 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 related to entities under common control**

TSKB GYO, one of the subsidiaries of the Parent Bank, established a joint venture with Bilici Yatırım Sanayi ve Ticaret A.Ş. in Adana under the name of Adana Otel Projesi Adi Ortaklığı ("Adana Hotel Project") on 26 May 2011 and Anavarza Otelcilik Anonim Şirketi on 27 March 2015.

The capital structure of the Adana Otel Projesi Adi Ortaklığı ("Adana Hotel Project") is designated as 50% of participation Bilici Yatırım Sanayi ve Ticaret A.Ş. and 50% of participation for TSKB GYO. The main operations of Adana Otel Projesi Adi Ortaklığı is to start, execute, and complete the hotel project which will be operated by Divan Turizm İşletmeleri A.Ş. (previous name "Palmira Turizm Ticaret A.Ş.").

The capital structure of Anavarza Otelcilik Anonim Şirketi is designated as 50% of participation Bilici Yatırım Sanayi ve Ticaret A.Ş. and 50% of participation for TSKB GYO. The main operations of Anavarza Otelcilik Anonim Şirketi is tourism oriented hotels, motels, accommodation facilities, gastronomy, sports, entertainment and health care.

Bilici Yatırım TSKB GYO Adana Otel Projesi Adi Ortaklığı Ticari İşletmesi, owned by TSKB GYO with 50%-50% Bilici Yatırım Sanayi ve Ticaret A.Ş. has been transformed into a company named "Yarsuvat Turizm Anonim Şirketi" together with all its assets and liabilities, as a whole, by changing the type.

Transformation of Bilici Yatırım TSKB GYO Adana Otel Projesi Adi Ortaklığı Ticari İşletmesi to Yarsuvat Turizm Anonim Şirketi and after transformation transfer to Anavarza Otelcilik A.Ş. with all its assets and liabilities as a whole was completed with the Merger document of Adana Chamber of Commerce dated 20 December 2019 and numbered 9647.

	Total Assets	Equity	Total Fixed Assets	Interest Income	Securities Income	Current Year Profit /Loss	Prior Year Profit /Loss	Fair Value
Anavarza Otelcilik	52.692	(26.116)	5.629	3.145	-	21.433	(767)	-

**10. Information on finance lease receivables (net)**

**10.a Maturities of investments on finance 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>

An expected loss provision amounting to TL 72.631(December 31, 2022: TL 97.153) has been allocated to the "Financial Lease Receivables" account.



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

**10. Information on finance lease receivables (net) (continued)**

**10.b The information on net investments in finance leases:**

	Current Period	Prior Period
<b>Gross investments in finance leases</b>	<b>657.657</b>	<b>468.594</b>
Unearned revenue from finance leases (-)	205.287	88.363
Cancelled finance leases (-)	-	-
<b>Net investments in finance leases</b>	<b>452.370</b>	<b>380.231</b>

**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 the Financial Leasing, Factoring and Financing Company Law No. 6361. There are no restructuring or restrictions having material effect on financial statements.

**11. Information on derivative financial assets for hedging purposes**

There is a positive differences amounting to TL 310.639 related to derivative financial assets for hedging purposes (December 31, 2022: positive differences amounting to TL 387.926).

As of December 31, 2023 the contract amounts and the net fair value carried on the balance sheet of derivative financial instruments designated as hedging instruments are summarized in the table below:

	Current Period			Prior Period		
	Face Value	Asset	Liability	Face Value	Asset	Liability
Interest Rate Swap	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	-	-	-	-	-	-
Swap Currency Transactions	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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**EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS**  
**(Continued)**

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

**11. Information on fair value hedge accounting (continued)**

**11.a.1 Information on fair value hedge accounting**

Current Period		Type of Risk	Fair Value Change of Hedged Item (1)	Fair Value of Hedging Instrument (1)		Income St Effect (Profit/Loss Through Derivative Financial Instruments)
Hedging Item	Hedged Item			Asset	Liability	
Interest Rate Swap Transactions	Fixed Rate Eurobond and Green bond Issued	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 Currency 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		Type of Risk	Fair Value Change of Hedged Item (1)	Fair Value of Hedging Instrument (1)		Income St Effect (Profit/Loss Through Derivative Financial Instruments)
Hedging Item	Hedged Item			Asset	Liability	
Interest Rate Swap Transactions	Fixed Rate Eurobond and Green bond Issued	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 Currency 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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**EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS**  
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**I. Explanations and disclosures related to the consolidated assets (continued)**

**12. Information on tangible assets (net)**

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	1.187.789	-	-	956.780	2.144.569
Assets held under finance leases	-	4.446	-	-	4.446
Vehicles	7.624	7.494	(90)	-	15.028
Right to use Securities-Real Estate	16.158	34.281	-	-	50.439
Assets held for resale	399	-	-	-	399
Other	62.061	43.459	(1.167)	-	104.353
<b>Total Cost</b>	<b>1.274.031</b>	<b>89.680</b>	<b>(1.257)</b>	<b>956.780</b>	<b>2.319.234</b>
Accumulated depreciation					
Land and buildings	(2.700)	(655)	-	-	(3.355)
Assets held under finance leases	-	(278)	-	-	(278)
Vehicles	(1.807)	(2.094)	90	-	(3.811)
Right to use Securities-Real Estate	(11.963)	(8.434)	-	-	(20.397)
Assets held for resale	(39)	(102)	-	-	(141)
Other	(43.295)	(11.768)	1.066	-	(53.997)
<b>Total accumulated depreciation</b>	<b>(59.804)</b>	<b>(23.331)</b>	<b>1.156</b>	<b>-</b>	<b>(81.979)</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>1.214.227</b>	<b>66.349</b>	<b>(101)</b>	<b>956.780</b>	<b>2.237.255</b>

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**EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS**  
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**I. Explanations and disclosures related to the consolidated assets (continued)**

**12. Information on tangible assets (net) (continued)**

<b>Prior Period</b>	<b>Prior Period End</b>	<b>Current Period Additions</b>	<b>Current Period Disposals</b>	<b>Revaluation Surplus</b>	<b>Current Period End</b>
Cost					
Land and buildings	466.570	-	-	721.219	1.187.789
Assets held under finance leases	-	-	-	-	-
Vehicles	2.328	5.296	-	-	7.624
Right to use Securities-Real Estate	10.465	5.693	-	-	16.158
Assets held for resale	-	399	-	-	399
Other	45.745	16.654	(338)	-	62.061
<b>Total Cost</b>	<b>525.108</b>	<b>28.042</b>	<b>(338)</b>	<b>721.219</b>	<b>1.274.031</b>
Accumulated depreciation					
Land and buildings	(1.819)	(881)	-	-	(2.700)
Assets held under finance leases	-	-	-	-	-
Vehicles	(1.075)	(732)	-	-	(1.807)
Right to use Securities-Real Estate	(6.773)	(5.190)	-	-	(11.963)
Assets held for resale	-	(39)	-	-	(39)
Other	(36.080)	(7.469)	254	-	(43.295)
<b>Total accumulated depreciation</b>	<b>(45.747)</b>	<b>(14.311)</b>	<b>254</b>	<b>-</b>	<b>(59.804)</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>479.361</b>	<b>13.731</b>	<b>(84)</b>	<b>721.219</b>	<b>1.214.227</b>

**13. Information on intangible assets**

**13.a Useful lives and 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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**EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS**  
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**I. Explanations and disclosures related to the consolidated assets (continued)**

**13. Information 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	16.507	(13.234)	24.155	(17.042)
Goodwill	1.005	-	1.005	-

Prior Period	Beginning of Current Period		End of Current Period	
	Gross Book Value	Accumulated Amortization	Gross Book Value	Accumulated Amortization
Software	14.769	(11.260)	16.507	(13.234)
Goodwill	1.005	-	1.005	-

**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	16.507	7.648	-	24.155
Goodwill	1.005	-	-	1.005
<b>Total Cost</b>	<b>17.512</b>	<b>7.648</b>	<b>-</b>	<b>25.160</b>
Accumulated Amortization				
Software	(13.234)	(3.808)	-	(17.042)
Goodwill	-	-	-	-
<b>Total Accumulated Amortization</b>	<b>(13.234)</b>	<b>(3.808)</b>	<b>-</b>	<b>(17.042)</b>
Impairment Provision				
Software	-	-	-	-
<b>Total Impairment Provision</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Book Value</b>	<b>4.278</b>	<b>3.840</b>	<b>-</b>	<b>8.118</b>

Prior Period	Closing Balance of Prior Period	Current Year Additions	Current Year Disposals	Closing Balance of Current Period
Cost				
Software	14.769	1.746	(8)	16.507
Goodwill	1.005	-	-	1.005
<b>Total Cost</b>	<b>15.774</b>	<b>1.746</b>	<b>(8)</b>	<b>17.512</b>
Accumulated Amortization				
Software	(11.260)	(1.982)	8	(13.234)
Goodwill	-	-	-	-
<b>Total Accumulated Amortization</b>	<b>(11.260)</b>	<b>(1.982)</b>	<b>8</b>	<b>(13.234)</b>
Impairment Provision				
Software	-	-	-	-
<b>Total Impairment Provision</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Book Value</b>	<b>4.514</b>	<b>(236)</b>	<b>-</b>	<b>4.278</b>

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**EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS**  
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**I. Explanations and disclosures related to the consolidated assets (continued)**

**13. Information on intangible assets (continued)**

**13.e The net book value, description and the remaining amortization period of any material individual intangible asset in the financial statements:**

As of the reporting date, the Group has no individual intangible asset which is material to the financial statements as a whole (December 31, 2022: None).

**13.f Disclosure for intangible assets acquired through government grants and accounted for at fair value at initial recognition:**

As of the reporting date, the Group 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 of the reporting date, the Group 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 of the reporting date, the Group has no intangible assets with restricted use or pledged (December 31, 2022: None).

**13.i Amount of purchase commitments for intangible assets:**

As of the reporting date, the Group has no purchase commitments for intangible assets (December 31, 2022: None).

**13.j Information on revalued intangible assets according to their types:**

The Group 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 Group has no research and development costs expensed in the current period (December 31, 2022: None).

**13.l Information on goodwill:**

Goodwill on Consolidation	Effective Share Rate %	Carrying Amount
Yatırım Finansman Menkul Değerler A.Ş.	95,78	1.005

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**EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS**  
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**I. Explanations and disclosures related to the consolidated assets (continued)**

**13. Information on intangible assets (continued)**

**13.m The carrying value of goodwill at beginning and end of the period, and movements within the period:**

	Current Period	Prior Period
Net Value at the Beginning of the Period	1.005	1.005
Changes in the Period:	-	-
Additional Goodwill	-	-
Restatements Arising from Changes in Assets and Liabilities	-	-
Goodwill Written off due to Discontinued Operations or Partial/Full Derecognizing of an Asset (-)	-	-
Impairment Loss (-)	-	-
Reversal of Impairment loss (-)	-	-
Changes in Carrying Value	-	-
<b>Net Value at the End of Period</b>	<b>1.005</b>	<b>1.005</b>

**13.n The carrying value of negative goodwill at beginning and end of the period, and movements within the period:**

As of the reporting date, the Group has no negative goodwill in the accompanying financial statements (December 31, 2022: None).

**14. Information on investment properties**

In the current period, the Group owns three investment properties with a net book value of TL 1.430.351 (December 31, 2022: TL 764.911) belonging to its subsidiary operating in the field of real estate investment trust. As of December 31, 2023 and December 31, 2022, the table of movement of investment properties is as follows.

Current Period	Opening Balance of Current Period	Additions	Disposals	Change in Fair Value	Closing Balance of Current Period
Tahir Han	139.860	-	-	81.140	221.000
Pendorya Mall	410.000	-	-	310.000	720.000
Adana Hotel Project	215.051	-	-	274.300	489.351
<b>Total</b>	<b>764.911</b>	<b>-</b>	<b>-</b>	<b>665.440</b>	<b>1.430.351</b>

Prior Period	Closing Balance of Prior Period	Additions	Disposals	Change in Fair Value	Closing Balance of Prior Period
Tahir Han	50.400	-	-	89.460	139.860
Pendorya Mall	185.502	-	-	224.498	410.000
Adana Hotel Project	100.276	-	-	114.775	215.051
<b>Total</b>	<b>336.178</b>	<b>-</b>	<b>-</b>	<b>428.733</b>	<b>764.911</b>

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**SECTION FIVE (Continued)**

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

**I. Explanations and disclosures related to the consolidated 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 Group 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>Assets:</b>	<b>Current Period</b>	<b>Prior Period</b>
Useful life difference of fixed assets	67.478	20.768
Loan commissions accrual adjustment	1.581.182	851.929
Provisions	16.278	12.349
Employee benefit provision	142.402	178.422
Marketable Securities	-	-
Others (1)	65.432	30.909
<b>Total Deferred Tax Asset</b>	<b>1.872.772</b>	<b>1.094.377</b>
<b>Deferred tax liabilities:</b>		
Marketable securities	(5.482)	(2.212)
Borrowings commissions accrual adjustment	(74.847)	-
Valuation of derivative instruments	(235.992)	(322.260)
Useful life difference of fixed assets	(6.322)	(1.980)
Others	(69.524)	(43.794)
<b>Total Deferred Tax Liability</b>	<b>(392.167)</b>	<b>(370.246)</b>
<b>Net Deferred Tax Asset</b>	<b>1.480.605</b>	<b>724.131</b>

(1) In the other item, there is also a deferred tax liability related to hedge accounting amounting to TL 32.350. (December 31, 2022: TL 23.350 tax asset).

	<b>Current Period</b>	<b>Prior Period</b>
Deferred Tax as of January 1 Asset / (Liability) - Net	724.131	396.583
Deferred Tax (Loss) / Gain	705.510	437.505
Deferred Tax that is Realized Under Shareholder's Equity	50.964	(109.957)
<b>Deferred Tax Asset / (Liability) Net</b>	<b>1.480.605</b>	<b>724.131</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:**

There is no temporary differences over which deferred tax asset are not computed and recorded in the balance sheet 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).

**16. Explanation on assets held for sale:**

	<b>Current Period</b>	<b>Prior Period</b>
<b>Net book value at beginning of period</b>	-	64.403
Cash Paid for Purchase	-	-
Expected Loss (-)	-	64.403
<b>Net book value at end of period</b>	-	-



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**EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS**  
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**I. Explanations and disclosures related to the consolidated assets (continued)**

**16. Explanation on assets held for sale (continued)**

Ojer Telekomünikasyon A.Ş. (OTAŞ), the main shareholder of Türk Telekomünikasyon A.Ş. (Türk Telekom), has been agreed between all lenders, including the Bank, for the restructuring of the debts provided under the loan agreements and that OTAŞ owns 192.500.000.000 Group A shares, which constitute 55% of Türk Telekom's issued capital and are pledged to provide for the guarantee of existing loans, are owned by OTAŞ and all lenders are directly or The transaction was completed by taking over by a special purpose company established in the Republic of Turkey, of which it is an indirect partner. The Bank participated in LYY Telekomünikasyon A.Ş., which was established within this scope, with a rate of 1,6172% and an amount of 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 Bank evaluated this subsidiary within the scope of IFRS 5 Standard for Fixed Assets Held for Sale and Discontinued Activities.

As of March 31, 2022, 192.500.000.000 Group A registered 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 as a result of the collection made from the sales amount, the relevant loan was collected in proportion to the Bank's share. However, as of the current period, the value of the acquired asset has been allocated for the provision of depreciation. 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 were 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).

**II. Explanations and disclosures related to the liabilities**

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

**1.a.1 Maturity structure of deposits:**

The Parent Bank is not authorized to accept deposits.

**1.a.2 Information on saving deposits under the guarantee of saving deposit insurance fund and exceeding the limit of deposit insurance fund:**

The Parent Bank is not authorized to accept deposits.

**1.b Information on the scope whether the Bank with a foreign head office suits saving deposit insurance of the related country:**

The Parent Bank is not authorized to accept deposits.

**1.c Saving deposits which are not under the guarantee of deposit insurance fund:**

The Parent Bank is not authorized to accept deposits.

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**EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS**  
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**II. Explanations and disclosures related to the consolidated liabilities (continued)**

**2. Negative differences table related to derivative financial liabilities**

Derivative Financial Liabilities Held For Trading (1)	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	11.755	642	117	503
Swap Transactions	21.132	944.653	169.879	827.844
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>32.887</b>	<b>945.295</b>	<b>169.996</b>	<b>828.347</b>

(1) Derivative Financial Liabilities for Hedging Purposes amounting to TL 169.976 (December 31, 2022: TL 134.010) are shown in the "Derivative Financial Liabilities" account.

**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>

**3.c Additional information about the concentrated areas of liabilities:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Nominal	1.835.880	31.248.930	518.410	20.467.150
Cost	1.784.332	31.086.300	494.348	20.362.637
Book Value	1.921.359	32.227.091	505.705	21.047.752

As of January 23, 2020, the Bank issued USD 400 million worth of Eurobonds. The interest rate of the fixed-rate, 5-year maturity and 6-month coupon payment debt instrument with a redemption date of January 23, 2025 has been determined as 6%.

As of January 14, 2021, the Bank issued USD 350 million worth of Eurobonds. The interest rate of the fixed-rate, 5-year maturity and 6-month coupon payment debt instrument, whose redemption date is January 14, 2026, has been determined as 5.875%.

As of September 19, 2023, the Bank issued USD 300 million worth of Eurobonds. The interest rate of the fixed-rate, 5-year + 1-month maturity and 6-month coupon payment debt instrument, whose redemption date is October 19, 2028, has been determined as 9.375%.

As of 28 November 2023, the Bank issued USD 14.5 million worth of Eurobonds. The interest rate of the fixed-rate, 3-month debt instrument with a redemption date of March 1, 2024 has been determined as 7.75%.

On September 11, November 10 and December 14, 2023, Yatırım Finansman Menkul Değerler A.Ş. issued debt instruments with a nominal amount of TL 445,000,000 and redemption dates of January 10, February 22 and April 04, 2024, at simple interest rates of 36.50, 40.50 and 46.00, with maturities of 121 days, 104 days and 112 days.

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**EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS**  
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**II. Explanations and disclosures related to the consolidated liabilities (continued)**

**3. Information on banks and other financial institutions**

**3.c Additional information about the concentrated areas of liabilities (continued)**

The details of the issues that Yatırım Varlık Kiralama A.Ş. issued as of December 31, 2023 and whose redemption date has not yet come is as follows:

ISIN Code	Fund User	Issue Amount (TL)	Issue Date	Redemption Date
TRDYVKS12417	MLP Sağlık Hizmetleri A.Ş.	500.000.000	14/07/2023	05/01/2024
TRDYVKS62511	MLP Sağlık Hizmetleri A.Ş.	1.000.000.000	12/12/2023	12/06/2025

(\*) The amount of TL 109.120 thousand taken into the Group portfolio is eliminated in financials.

**3.d Additional information about the concentrated areas of liabilities:**

Under normal banking operations, the Parent Bank provided funds under repurchase agreements and funds borrowed. Fund resources of the Parent 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:

	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>

The details about the Debts to the Interbank Money Markets are not included in this table. During December 31, 2023, there are no debts to the Interbank Money Markets (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).

**5. Explanations on financial lease obligations (net)**

**5.a Explanations on finance lease payables:**

The Group has no finance lease payables (December 31, 2022: None).

**5.b Explanations regarding operational leases:**

As of the reporting date, the Bank's 2 head office buildings, 11 branch, 28 cars and 298 computers and 388 phones are subject to operational leasing. The Bank has no liability for operational leases in the current period (December 31, 2022: 2 head office buildings, 11 branch, 24 cars and 388 computers under operational leasing). In the current period, the Bank has lease liability with TFRS 16 amounting to TL 39.250 related to operational lease transactions (December 31, 2022 : TL 5.563).

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**SECTION FIVE (Continued)**

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

**II. Explanations and disclosures related to the consolidated liabilities (continued)**

**5.c Explanations on the lessor and lessee in sale and lease back transactions, agreement conditions, and major agreement terms:**

The Group 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	-	-	-	-
Hedge of net investment in foreign operations	-	-	-	-
	-	<b>169.976</b>	-	<b>134.010</b>

(1) Derivative Financial Liabilities for Hedging Purposes are shown in the "Derivative Financial Liabilities".

**7. Information on provisions**

**7.a Foreign exchange losses on the foreign currency indexed loans and finance lease receivables:**

As of the reporting date, the Bank has no foreign exchange losses on the foreign currency indexed loans (December 31, 2022: None).

**7.b The specific provisions provided for unindemnified non cash loans:**

As of the reporting date, the Parent Bank's specific provisions provided for unindemnified non cash loans amounts to TL 84.696 (December 31, 2022: TL 1.892).

The Parent Bank has an expected loss provision amounting to TL 112.766 for non-cash loans (December 31, 2022: TL 47.957)

**7.c Information related to other provisions:**

**7.c.1 Provisions for possible losses:**

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).

**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 TAS 19 and reflected the calculated amount to the financial statements.

As of December 31, 2023, the Group reflected in its financial statements severance provisions amounting to TL 30.178 (December 31, 2022: TL 38.982). As of December 31, 2023, the Bank showed a total leave obligation of TL 21.710 (December 31, 2022: TL 9.208) in its financial statements in the provision of employee rights.

The actuarial gain amounting to TL 3.056 after January 1, 2023 have been accounted under equity in accordance with the revised TAS 19 standard (December 31, 2022: TL 4.378 actuarial profit).

***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).

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

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

**II. Explanations and disclosures related to the consolidated liabilities (continued)**

**7. Information on provisions (continued)**

**7.c Information related to other provisions (continued):**

**7.c.2 Information on employee termination benefits and unused vacation accrual (continued):**

*Liabilities for pension funds established in accordance with Social Security Institution*

As of December 31, 2023: None (December 31, 2022: None).

*Liabilities resulting from all kinds of pension funds, foundations etc. which provide post-retirement benefits for the employees*

As of December 31, 2023, the cash value of the Bank's principal liabilities of the TSKB A.Ş. Civil Servants and Contractors Relief and Pension Foundation fund was calculated by an independent actuary using actuarial assumptions and according to the actuary's report dated January 15, 2024, no technical or actual deficit requiring provision as of December 31, 2023 was identified.

In this context, taking into account the provisions of the Law explained in the accounting policies regarding "Obligations Regarding the Rights of Employees" numbered 3.17 for the circuit basic obligations of the Fund, the Bank has no liability as of December 31, 2023 for other social rights and payments in the foundation deed that are outside the circuit principal obligations and the health benefits given to the employees.

**7.c.3 If the other provisions exceed 10% of the sum of the provisions, the items causing the excess and their amounts:**

As of December 31, 2023, the Bank reflected the case provision of TL 70.000 (December 31, 2022: TL 61.930) in its financial statements.

**7.c.4 If other provisions exceeds 10% of total provisions, the name and amount of sub-accounts:**

7.c.1. In addition to the free reserves allocated for possible risks specified in the article, there are general provisions and other miscellaneous reserve amounts allocated for non-cash loans of TL 112.767 (December 31, 2022: TL 47.957).

**8. Information on taxes payable**

**8.a Information on current taxes payable**

**8.a.1 Information on taxes payable:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Corporate Taxes and Deferred Taxes				
Corporate Taxes Payable	866.968	-	537.980	-
Deferred Tax Liability	-	-	-	-
<b>Total</b>	<b>866.968</b>	<b>-</b>	<b>537.980</b>	<b>-</b>

**8.a.2 Information on taxes payable:**

	Current Period	Prior Period
Corporate Taxes Payable	866.968	537.980
Taxation of Securities	33.989	4.782
Capital gains tax on property	-	-
Banking and Insurance Transaction Tax (BITT)	40.316	22.816
Foreign Exchange Transaction Tax	-	-
Value Added Tax Payable	5.934	3.206
Other	20.084	9.550
<b>Total</b>	<b>967.291</b>	<b>578.334</b>

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

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

**II. Explanations and disclosures related to the consolidated liabilities (continued)**

**8. Information on taxes payable (continued)**

**8.a Information on current taxes payable (continued)**

**8.a.3 Information on premiums:**

	Current Period	Prior Period
Social Security Premiums-Employee	1.473	673
Social Security Premiums-Employer	1.834	774
Bank Social Aid Pension Fund Premium-Employee	-	-
Bank Social Aid Pension Fund Premium-Employer	-	-
Pension Fund Membership Fees and Provisions-Employee	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Unemployment Insurance-Employee	412	180
Unemployment Insurance-Employer	808	349
Other	-	-
<b>Total</b>	<b>4.527</b>	<b>1.976</b>

**8.b Explanations on deferred taxes liabilities:**

As of the reporting date, the Group has no deferred tax liability (December 31, 2022: None).

**9. Information on liabilities regarding assets held for sale**

None (December 31, 2022: None).

**10. Explanations on the number of subordinated loans the Parent 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 secured a sustainable subordinated loan with a nominal amount of USD 200 million and a redemption date of March 31, 2027, with coupon payments every 6 months.

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	
	TP	FC	TP	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>-</b>	<b>6.043.090</b>	<b>-</b>	<b>3.829.127</b>

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

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

**II. Explanations and disclosures related to the consolidated liabilities (continued)**

**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 meeting held on 28 March 2023, the Bank has no capital increase in the current period.

In line with the decision taken at the Ordinary General Assembly Meeting held on 29 March 2022, there is no capital increase of the Bank in 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).

**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 Parent 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 Parent Bank operations are profitable, and the Bank retains the major part of its profit by capital increases or capital reserves within the shareholders equity.

**11.g Information on preferred shares:**

The Parent Bank has no preferred shares (December 31, 2022: None).

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

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

**II. Explanations and disclosures related to the consolidated liabilities (continued)**

**11. Explanations on shareholders' equity (continued)**

**11.h Information on marketable securities value increase fund:**

	Current Period		Prior Period	
	TP	YP	TP	YP
From Associates, Subsidiaries, and Entities Under Common Control	788.864	-	394.449	-
Available for Sale Financial Assets	1.090.315	54.353	1.055.949	(266.330)
Valuation Differences	704.781	54.353	882.550	(266.330)
Foreign Exchange Difference	385.534	-	173.399	-
<b>Total</b>	<b>1.879.179</b>	<b>54.353</b>	<b>1.450.398</b>	<b>(266.330)</b>

**11.i Informations on legal reserves:**

	Current Period	Prior Period
First legal reserve	642.237	437.850
Second legal reserve	566	566
Other Legal Reserves Appropriated In Accordance with Special Legislation	1.791	1.791
<b>Total</b>	<b>644.594</b>	<b>440.207</b>

**11.j Information on extraordinary reserves:**

	Current Period	Prior Period
Reserves Appropriated by the General Assembly	7.022.154	3.184.155
Retained Earnings	-	-
Accumulated Losses	-	-
Foreign Currency Share Capital Exchange Differences	-	-
<b>Total</b>	<b>7.022.154</b>	<b>3.184.155</b>

**12. Information on minority shares:**

	Current Period	Prior Period
Paid-in-Capital	75.894	75.894
Other Capital Reserves	33	33
Share Premium	128	128
Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss	1.997	1.659
Legal Reserves	558	486
Extraordinary Reserves	724	724
Other Profit Reserves	-	-
Retained Earnings / Accumulated Losses	139.486	14.232
Net Profit or Loss	184.882	125.327
<b>Total</b>	<b>403.702</b>	<b>218.483</b>



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

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

**III. Explanations and disclosures related to the consolidated off-balance sheet items**

**1. Information on off-balance sheet liabilities**

**1.a Nature 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 Money Market Brokerage Purchase and Sales	39.346	30.052
Commitments for Stock Brokerage Purchase and Sales	2.066.447	755.492
Commitments for Letter of Credit	2.506.167	1.543.169
Commitments from Forward Short Term Borrowing and Transfers	168.814	138.750
Other	718.353	2.697.272
<b>Total</b>	<b>5.841.166</b>	<b>5.328.521</b>

(1) The remaining amount of the Parent Bank's commitment to purchase the shares of the Turkish Growth and Innovation Fund (TGIF), which is planned to be established by the European Investment Fund (EIF), and the Parent Bank's TSKB It includes the capital participation commitment amount for the cash capital increase of Sustainability 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 credits, surety and acceptance amount to TL 4.121.492 (December 31, 2021: 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 is TL 8.101.353 (December 31, 2022: TL 3.735.544).

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

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

**III. Explanations and disclosures related to the consolidated off-balance sheet items**  
**(continued)**

**1. Information on off-balance sheet liabilities (continued)**

**1.c.1 Total amount of non-cash loans:**

	Current Period	Prior Period
Non-cash Loans Given Against Achieving Cash Loans	4.778.714	1.285.669
With Maturity of One Year or Less than One Year	33.829	88.233
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>12.222.843</b>	<b>7.305.609</b>

**1.c.2 Information on sectoral risk breakdown of non-cash loans:**

	Current Period				Prior Period			
	TL	(%)	TL	(%)	TL	(%)	TL	(%)
Agriculture	-	-	-	-	-	-	-	-
Farming and stockbreeding	-	-	-	-	-	-	-	-
Forestry	-	-	-	-	-	-	-	-
Fishing	-	-	-	-	-	-	-	-
Industry	2.257.917	90	7.803.640	80	1.341.273	90	5.239.470	90
Mining	2.491	-	-	-	252	-	-	-
Manufacturing Industry	1.596.383	64	2.695.186	28	998.631	67	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	1.472.458	15	125.390	8	470.296	8
Wholesale and Retail Trade	-	-	584	-	-	-	357	-
Hotel, Food and Beverage Services	156.904	6	-	-	124.010	7	114.964	2
Transportation and Communication	1.138	-	1.465.838	15	1.253	-	323.817	6
Financial Institutions	71.096	3	6.036	-	96	-	31.158	1
Real Estate 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	2
<b>Total</b>	<b>2.508.577</b>	<b>100</b>	<b>9.714.266</b>	<b>100</b>	<b>1.488.296</b>	<b>100</b>	<b>5.817.313</b>	<b>100</b>

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES**  
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**EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS**  
**(Continued)**

**III. Explanations and disclosures related to the consolidated off-balance sheet items**  
**(continued)**

**1. Information on off-balance sheet liabilities (continued)**

**1.c.3 Information on non cash loans classified under Group I and Group II:**

	Ist Group				IInd Group			
	Current Period		Prior Period		Current Period		Prior Period	
	TL	FC	TL	FC	TL	FC	TL	FC
Non-cash Loans	2.488.074	9.036.904	1.464.571	5.816.958	14.454	417.659	19.631	357
Letters of Guarantee (1)	2.358.371	5.321.546	1.143.051	2.568.770	14.454	400.933	19.631	-
Bank Acceptances	-	-	-	39.643	-	-	-	-
Letters of Credit	129.703	3.715.358	321.520	3.208.545	-	16.726	-	357
Endorsements	-	-	-	-	-	-	-	-
Purchase Guarantees on	-	-	-	-	-	-	-	-
Factoring Guarantees	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-

(1) Letter of guarantee followed up in Group III., IV., And V. are respectively TL 11, TL 5.112 and TL 924.

(2) The amount of the letter of credit pursued in Group III is TL 259.705 .

**2. Information related to derivative financial instruments**

As of December 31, 2023, the breakdown of the Bank's foreign currency forward and swap transactions based on currencies are disclosed below in their TL equivalents:

Current Period	Forward Buy	Forward Sell	Swap Buy	Swap Sell	Option Buy	Option Sell	Futures Buy	Futures Sell	Other Buy	Other Sell	Fair Value Hedge
TL	506.702	-	30.722	13.173.997	-	-	-	-	-	97.902	-
USD	31.931	282.704	39.800.023	24.039.385	-	-	-	-	25.514.823	-	21.164.894
EUR	32.464	254.843	8.378.295	11.213.436	-	-	-	-	13.273.232	-	5.332.143
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>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>38.788.055</b>	<b>97.902</b>	<b>26.497.037</b>

Prior Period	Forward Buy	Forward Sell	Swap Buy	Swap Sell	Option Buy	Option Sell	Futures Buy	Futures Sell	Other Buy	Other Sell	Fair Value Hedge
TL	690.671	-	156.200	11.206.566	-	-	-	97.902	-	30.316	-
USD	79.262	413.995	30.235.028	17.922.170	4.357	4.357	-	-	21.164.894	-	23.018.097
EUR	79.286	296.232	7.498.706	8.006.248	2.114	2.114	-	-	5.332.143	-	3.994.006
Other	5.138	-	126.317	131.258	2.248	2.248	-	-	-	-	-
<b>Total</b>	<b>854.357</b>	<b>710.227</b>	<b>38.016.251</b>	<b>37.266.242</b>	<b>8.719</b>	<b>8.719</b>	<b>-</b>	<b>97.902</b>	<b>26.497.037</b>	<b>30.316</b>	<b>27.012.103</b>

**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES**  
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**EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS**  
**(Continued)**

**III. Explanations related to the consolidated off-balance sheet items (continued)**

**2. Information related to derivative financial instruments (continued)**

Derivative Financial Liabilities Held For Trading	Current Period			Prior Period		
	Fair value assets	Fair value liabilities	Fair value assets	Fair value liabilities	Fair value assets	Fair value liabilities
Swap Transactions	643.447	206.133	39.951.168	1.067.283	352.701	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
Futures Transactions	-	-	-	-	-	17.438
Option Transactions	-	-	-	-	-	97.902
Other	-	-	97.902	-	-	35.335
<b>Total</b>	<b>1.624.058</b>	<b>978.182</b>	<b>98.996.754</b>	<b>2.007.680</b>	<b>998.343</b>	<b>76.962.417</b>

***Fair value hedges***

In the year ended as of December 31, 2023, the Bank had hedging swap interest transactions with a nominal amount of TL 38.788.055 (December 31, 2022: TL26.497.037).

***Hedging from the cash-flow risk***

As of December 31, 2023 there is no cash-flow hedging transactions (December 31, 2022: None).

**3. Explanations on loan derivatives and risk exposures**

The Bank has no loan derivatives and such risk exposures to this respect (December 31, 2022: None).

**4. Explanations on contingent liabilities and assets**

There are 104 legal cases against the Bank which are amounting to TL 986 as of the reporting date (December 31, 2022: TL 986 - 68 legal cases).

Tax Audit Committee inspectors made an investigation for the years 2008-2011 about the payments made by the Parent 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 Parent 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 been 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 stamp duty deducted from allowance and total amount of TL 17.325 tax penalty notice relating to period in question to Parent Bank relying on this report.

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

**III. Explanations related to the consolidated off-balance sheet items (continued)**

**4. Information related to derivative financial instruments (continued)**

Some of the lawsuits are decided favorable, remaining of lawsuits are decided unfavorable by the tax courts of first instance. On the other hand, appeal and objection have been requested by the Parent Bank against the decision of the Court with respect to the Parent 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 Parent Bank are accrued by administration depending on legal process and as of July 31, 2014 the Parent 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 parent Bank in relation to the parent 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 Parent Bank was contrary to the principle of legality and the Parent Bank's property rights has been violated. This decision is considered to be a precedent for the Parent Bank and an amount of TL 12.750 corresponding to the portion that the Parent Bank was obliged to pay for the related period is recognized as income in the prior period.

Due to the ownership of Pendorya AVM, which is built on the real estate owned by TSKB REIT registered in Istanbul Province, Pendik District, Doğu Mahallesi, 105 Map, 865 Island, Plot 64, Sağlam Satış ve Paz. Inc. (Malazlar A.Ş.) Pendik 2nd Civil Court of First Instance, prevention of seizure against IMM Presidency and road contractor Karacan Yapı on the grounds that some of the side road construction around Pendorya AVM passes through the parcels owned by it, He filed a lawsuit with the demand for the collection of TL 7 compensation from the defendants, without prejudice to his rights. TSKB REIT intervened alongside the defendants

Relating to immovable property, subject of litigation discovery review and expert reports were submitted to the court file. Objections to the report and statement of TSKB GYO have been given. IBB Presidency has declared that expropriation proceedings related to the subject have been initiated. For this reason, lawsuit was removed from "Possessory Actions" and converted to the "Confiscating without expropriating" by the judge.

Accepting in the new case, the plaintiff claimed compensation from the Administration and in order to determine the amount of compensation the Court decided an expert examination since the information provided by the Land Registry and the Municipality was not deemed sufficient.

Expert reports submitted to the Court on May 30, 2013 and the Court decided to add Pendik Municipality as a defendant in the case. At the latest hearing on December 24, 2013 it was decided to accept the expert reports and Pendik Municipality to pay the relevant amount (TL 645) to the plaintiff. The reasoned decision has been notified, the decision which has been appealed by the appellant and the respondent Pendik Municipality has turned deteriorate the Supreme Court decision was a request for the correction requested by the İstanbul Metropolitan Municipality (IMM). The decision has been requested adjustment by IMM and plaintiff Sağlam Satış ve Paz. A.Ş. (Malazlar A.Ş.). Breaking decision of the Supreme Court is expected to evaluate the requests for correction of decision. The Court decided to apply of Supreme Court's decision to dismiss. The notification of reasoned decision is expected.

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**EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS**  
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**III. Explanations related to the consolidated off-balance sheet items (continued)**

**4. Information related to derivative financial instruments (continued)**

Beyoğlu Municipality approved the reclaim of TSKB GYO for the Building II which has the location as 1486 map and 76 parcel in Fındıklı in Beyoğlu, Istanbul for the forfeiture because of zoning change. However, Municipality of Beyoğlu sued because of no approbation by Istanbul Metropolitan Municipality, in order to keep rights on the subject.

The court made a decision as no solution for the relevant claim due to Beyoğlu Municipality approved the reclaim. However, there has to be permission by Istanbul Metropolitan Municipality, and Cultural and Natural Heritage Preservation Board for the exact result. That's why, decision was appealed by the company. The Council of State reversed the judgement based on inappropriate zoning plan changes with the decision of 28 March 2014. In addition, a new implementation development plan covering the Fındıklı Building II, which has been canceled by the judicial authorities and which is owned by TSKB GYO, is being prepared by the Municipality of Beyoğlu on December 21, 2010, the 1/1000 Scaled Beyoğlu District Protected Urban Site Protected Development Plan. For this content, TSKB GYO's application were made in writing to the Beyoğlu Municipality on 28 October 2014 in order to plan by taking into account the 1/1000 Scale Implementation Plan which is being prepared by the Municipality of Beyoğlu and the Istanbul Metropolitan Municipality. The court requested the Municipality to ask the plan including the immovable subject to the decision of the Council of State is still in force as a result of the decision of dismissal and that the plan canceled by the court in the letter sent from the Municipality is still valid answered in the form. In the case which was started to discuss again in court; an expert opinion examination was made. The Court has ruled in favor of the Parent Bank by canceling the administrative proceeding. Against decision, within the legal period, Beyoğlu Municipality has applied for the appeal law and it is expected that the file will be sent to Istanbul Regional Administrative Court for examination. The decision to cancel the administrative action given by the Council of State in favor of the Group has been approved and the decision has become final.

A lawsuit was filed by one of the investors of TSKB REIT regarding the cancellation of Articles 5, 7 and 9, which were decided at the Ordinary General Assembly meeting held on April 27, 2018. In the petition, a stay of execution was requested regarding Articles 5 and 7, the request for interim injunction regarding the stay of execution was rejected, and an appeal was filed by the plaintiff. The petition for response to the case and the legal opinion have been submitted. In the first session of the file, it was decided to dismiss the case. The notification of the reasoned decision is awaited.

According to the Legal Department of the Parent Bank, other lawsuits filed against the Parent Bank are not expected to 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 Group 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.

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**SECTION FIVE (Continued)**

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

**IV. Explanations and disclosures related to the consolidated 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	741.006	525.080	517.807	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>2.250.867</b>	<b>9.627.748</b>	<b>975.976</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	127.000	36.943	31.323	10.031
Foreign Banks	-	2.405	-	1.863
Branches and Head Office Abroad	-	-	-	-
<b>Total</b>	<b>127.082</b>	<b>39.348</b>	<b>31.632</b>	<b>11.894</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	1.931	-	3.241	-
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>3.939.785</b>	<b>1.052.065</b>	<b>3.404.593</b>	<b>734.604</b>

As stated in the accounting policies, the Bank makes the valuation of the government bonds Indexed to Consumer Prices in its securities portfolio on the basis of the reference index on the date of issuance and the index calculated by taking into account the estimated inflation rate. The estimated inflation rate used in the valuation is updated when deemed necessary during the year. As of December 31, 2023, the valuation of these assets was made according to the annual inflation rate of 61,4% (October 2022-October 2023) (December 31, 2022: 85,51%).

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

**IV. Explanations and disclosures related to the consolidated income statement (continued)**

**1. Information on interest income (continued)**

**1.d Information on interest income received from associates and subsidiaries:**

	Current Period	Prior Period
Interest Received from Associates and Subsidiaries	158.211	54.682

**2. Information on interest expenses**

**2.a Information on the interest given to the loans used:**

	Current Period		Prior Period	
	FC	TL	FC	YP
Banks	19.951	2.273.884	8.433	832.274
The Central Bank of Turkey	-	-	-	-
Domestic Banks	19.951	621.678	4.332	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>19.951</b>	<b>5.910.456</b>	<b>8.433</b>	<b>1.985.742</b>

(1) Commissions given to the Banks and Other Institutions are presented under interest expense.

**2.b Information on interest expenses to associates and subsidiaries:**

There is no interest expense to its associates and subsidiaries (December 31, 2022: None).

**2.c Information on interest expense to securities issued:**

	Current Period		Prior Period	
	FC	TL	FC	TL
Interest on securities issued (1)	88.709	1.568.068	514.372	1.294.319

(1) Commissions given to issuance have been included to interest expense.

**3. Information on dividend income:**

	Current Period	Prior Period
Financial Assets at Fair Value Through Profit or Loss	18.959	679
Financial Assets at Fair Value Through Other Comprehensive Income	8.778	15.666
Other	4.212	3.409
<b>Total</b>	<b>31.949</b>	<b>19.754</b>



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**SECTION FIVE (Continued)**

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

**IV. Explanations and disclosures related to the consolidated income statement (continued)**

**4. Information on net trading income (net)**

	Current period	Prior period
<b>Profit</b>	<b>8.071.067</b>	<b>7.239.328</b>
Gains on capital market operations	135.791	90.729
Gains on derivative financial instruments (1)	5.677.593	5.783.941
Foreign exchange gains	2.257.683	1.364.658
<b>Losses (-)</b>	<b>6.339.577</b>	<b>6.403.503</b>
Losses on capital market operations	96.140	15.521
Losses on derivative financial instruments (1)	3.782.661	3.288.874
Foreign exchange losses	2.460.776	3.099.108

(1) The amount of profit arising from exchange rate changes related to derivative transactions in the amount of TL 3.468.608; In "Profit from Derivative Financial Transactions" (December 31, 2022: TL 3.23.620); TL (1.851.292) Amount of loss arising from exchange rate changes related to derivative transactions; It is included in the "Loss from Derivative Financial Transactions" (December 31, 2022: TL (1.077.384)).

**5. Information related to other operating income**

	Current Period	Prior Period
Provisions Released	209.999	84.487
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 (1)	870.052	578.259
<b>Total</b>	<b>1.081.664</b>	<b>662.958</b>

(1) Also includes the income amount of TL 135.445 related to the intermediary issues of Yatırım Varlık Kiralama A.Ş. The same amount is included in other operating expenses as well, and it is shown as gross without netting for reporting purposes..

**6. Provision expenses related to loans and other receivables of the Group**

	Current Period	Prior Period
Expected Credit Loss	3.218.085	2.554.266
12 Months Expected Credit Loss (Stage 1)	550.600	151.445
Significant Increase in Credit Risk (Stage 2)	1.356.763	1.212.068
Non-performing Loans (Stage 3)(2)	1.310.722	1.190.753
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	870.000	585.286
<b>Total</b>	<b>4.089.196</b>	<b>3.156.423</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) Also includes the free provision amount for the loan belonging to LYY Telekomünikasyon A.Ş., which was written off during the period.

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

**IV. Explanations and disclosures related to the consolidated income statement (continued)**

**7. Information related to other operating expenses**

	<b>Current Period</b>	<b>Prior Period</b>
Reserve for Employee Termination Benefits	6.129	17.308
Bank Social Aid Fund Deficit Provision	-	-
Impairment Expenses of Fixed Assets	-	-
Depreciation Expenses of Fixed Assets	23.331	14.311
Impairment Expenses of Intangible Assets	-	-
Impairment Expense of Goodwill	-	-
Amortization Expenses of Intangible Assets	3.808	1.982
Impairment on Subsidiaries Accounted for Under Equity Method	-	-
Impairment on Assets for Resale	-	-
Depreciation Expenses of Assets Held for Resale	-	-
Impairment Expenses of Assets Held for Sale	-	-
Other Operating Expenses	396.643	173.048
Rent Expenses	10.545	4.801
Maintenance Expenses	10.861	5.968
Advertisement Expenses	3.400	1.693
Other Expenses	371.837	160.586
Loss on Sales of Assets	-	-
Other (1)	314.119	192.222
<b>Total</b>	<b>744.030</b>	<b>398.871</b>

(1) It also includes the expense amount of TL 135.445 related to the issuances of which Yatırım Varlık Kiralama A.Ş. is an intermediary. The same amount is found as income in other operating income and is shown as gross without netting as required reporting. In addition, it includes tax and fee expenses excluding corporate tax in the amount of TL 94.071 (December 31, 2022: tax and fee expenses excluding corporate tax: TL 25.956) and leave provision expenses in the amount of TL 14.166 (December 31, 2022: leave provision expenses: TL 4.248).

(2) It includes donations in the amount of TL 69.290 made due to the earthquake disaster on February 6, 2023.

**8. Information on profit/loss before tax from continued and discontinued operations before tax**

The Group's pre-tax profit on December 31, 2023 increased by 81,57% compared to its previous period pre-tax profit (December 31, 2022: increase 251,18%). Compared to the previous period, the Group's net interest income increased by 55,87% (December 31, 2022: 137,06% increase).

**9. Information on tax provision for continued and discontinued operations**

**9.a Information on current tax charge or benefit and deferred tax charge or benefit:**

The Group's current tax charge for the period is TL 3.045.111 (December 31, 2022: TL 1.558.007 expense). Deferred tax income is TL 705.510 (December 31, 2022: TL 437.505 deferred tax income).

**9.b Information related to deferred tax benefit or charge on temporary differences:**

Deferred tax income calculated on temporary differences is TL 705.510 (December 31, 2022: TL 437.505 income).

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

**IV. Explanations and disclosures related to the consolidated income statement (continued)**

**9. Information on tax provision for continued and discontinued operations (continued)**

**9.c Information related to deferred tax benefit / charge on temporary differences, losses, tax deductions and exceptions:**

There has no deferred tax revenues or expenses reflected in the income statement in respect of financial losses, tax deductions and exemptions (December 31, 2022: None)

**10. Explanations on net profit/loss from continued and discontinued operations:**

The Group is increased the net profit by 74,11% for the period ended 31 December 2023 compared to prior period.

**11. Information on net profit/loss**

**11.a The nature and amount of certain income and expense items from ordinary operation is disclosed if the disclosure for nature, amount and repetition rate of such items is required for the complete understanding of the Group's performance for the period:**

The Group has generated TL 18.772.862 of interest income, TL 8.064.017 of interest expenses, TL 686.569 of net fees and commission income from banking operations (December 31, 2022: TL 10.374.234 interest income, TL 3.503.653 interest expenses, TL 341.520 net fee and commission income).

**11.b The effect of the change in accounting estimates to the net profit/loss; including the effects to the future period, if any:**

There are no changes in the accounting estimates. (December 31, 2022: None).

**11.c Minority share of profit and loss:**

The current year loss attributable to minority shares is TL 184.882 (December 31, 2022: TL 125.327 Profit). The total shareholders' equity, including current year profit attributable to minority shares is TL 403.702 (December 31, 2022: TL 218.483).

**12. 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.**

	Current Period	Prior Period
Gains on Brokerage Commissions	248.390	185.714
Commissions from Initial Public Offering	95.415	49.996
Investment Fund Management Income	24.427	9.699
Other	209.344	77.065
<b>Total</b>	<b>577.576</b>	<b>322.474</b>

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**SECTION FIVE (Continued)**

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

**V. Explanations related to consolidated statement of changes in shareholders' equity**

**1. Information related to capital**

As of the balance sheet date, Paid in capital is TL 2.800.000, legal reserves is TL 644.594, extraordinary legal reserves is TL 7.022.154.

**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 and value increase differences in investment in associates, subsidiaries and entities under common control.

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

**VI. Explanations related to consolidated statement of cash flows**

**1. Explanations about other cash flows items and the effect of changes in foreign exchange rates in cash and cash equivalents**

Other earnings in the current period amounting to TL 254.003 consist of active sales revenues and non-interest income (December 31, 2022: TL 662.337 of other earnings, active sales revenues and non-interest income).

The banking activity consists of items such as derivative financial transaction losses, severance pay provision and depreciation expenses, other operating expenses and fees and commissions, and foreign exchange profit/loss, excluding taxes paid, which are included in the pre-change operating profit in assets and liabilities (December 31, 2022: TL 2,431,289 derivative financial transaction losses, provision for severance pay, excluding depreciation expenses and taxes paid, it consists of other operating expenses, fees and commissions and items such as foreign exchange profit/loss).

The net increase/decrease in other assets amounting to TL 3.435.217 in the current period (December 31, 2022: TL 4.528.036) consists of changes in miscellaneous receivables, other assets and reserve requirements. In the current period, the amount of TL 1.443.216 (December 31, 2022: TL 2.236.561) consists of the exchange of other liabilities account, mutual liabilities and funds obtained from repo transactions.

The impact of the change in the exchange rate on cash and cash equivalent assets in the current period was TL 178.759 (December 31, 2022: TL 178.759).

**2. Information about cash flows from acquisition of associates, subsidiaries, and other investments:**

In the current period, the Group invested TL 55.399 in securities and real estate and TL 7.648 in intangible assets.

In the previous period, the Group invested TL 22.349 in securities and real estate and TL 1.746 in intangible assets.

**3. Information about disposal of associates, subsidiaries, and other investments:**

In the current period, the Group generated a cash inflow of TL 1.714 from the sale of its securities and real estate. The Group has no disposed subsidiaries or affiliates in the current period.

The Group generated a cash inflow of TL 276 due to the sale of securities and real estate owned by the Group in the previous period. The Group has no disposed subsidiaries or affiliates in the current period.

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**SECTION FIVE (Continued)**

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

**VI. Explanations related to consolidated statement of cash flows**

**4. Cash and cash equivalents at the beginning and end of period:**

Cash and cash equivalents at the beginning of period:

	Beginning of the Current Period	Beginning of the Prior Period
Cash	2	25
Cash Equivalents	7.641.292	3.661.093
<b>Total</b>	<b>7.641.294</b>	<b>3.661.118</b>

Cash and cash equivalents at the end of period:

	End of the Current Period	End of the Prior Period
Cash	1	2
Cash Equivalents	12.458.034	7.641.292
<b>Total</b>	<b>12.458.035</b>	<b>7.641.294</b>

**5. Amount of cash and cash equivalents restricted for the usage of the Parent 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.

**6. Additional information related to financial position and liquidity**

**6.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.

**6.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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**VII. Explanations on the risk group of the Parent Bank**

**1. Information on the volume of transactions related to the Parent 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 Parent Bank (1)	Subsidiaries and Associates		Direct and Indirect Shareholders of the Parent Bank		Other Entities Included in the Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and other receivables						
Balance at the beginning of the period	1.496.337	2	592.026	-	-	-
Balance at the end of the period	2.325.017	2	597.442	-	-	-
Interest and commission income received	152.541	5.670	58.831	-	-	-

(1) The mutual transactions of the parent company Bank and the fully consolidated subsidiaries have been eliminated.

**1.b Prior period:**

Risk Group of the Parent Bank (1)(2)	Subsidiaries and Associates		Direct and Indirect Shareholders of the Parent Bank		Other Entities Included in the Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and other receivables						
Balance at the beginning of the period	997.287	9.754	489.070	-	13.581	-
Balance at the end of the period	1.496.337	-	592.026	-	-	-
Interest and commission income received	54.471	1.577	30.218	-	186	-

(1) Mutual transactions between the Parent Bank and its fully consolidated subsidiaries are eliminated.

(2) As of March 30, 2022, the Bank has obtained a sustainable subordinated loan with a nominal amount of USD 200 million and a redemption date of March 31, 2027, with coupon payments every 6 months.

**1.c Information on deposit held by Parent Bank's own risk group:**

The Parent Bank is not authorized to accept deposits.

**2. Information on forward and option agreements and other similar agreements made with related parties**

Risk Group of the Parent Bank	Subsidiaries and Associates		Direct and Indirect Shareholders of the Parent Bank		Other Entities Included in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Fair Value Through Profit or Loss Transactions						
Beginning of the Period	-	-	-	-	-	-
End of the Period	1.114.465	-	-	-	-	-
Total Profit / Loss	(29.516)	-	-	-	-	-
Hedging Risk Transactions						
Beginning of the Period	-	-	-	-	-	-
End of the Period	-	-	-	-	-	-
Total Profit / Loss	-	-	-	-	-	-

**3. Total salaries and similar benefits provided to the key management personnel**

Benefits provided to key management personnel in the current period amount to TL 96.828 (December 31, 2022: TL 45.725).

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

**SECTION FIVE (Continued)**

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

**VIII. Information and disclosures related to the domestic, foreign offshore branches and foreign representations of the Parent Bank**

**1. Information and disclosures related to the domestic, foreign branches and foreign representations of the Group**

	Number	Number of Employees			
Domestic branches (1)	1	452			
			Country of Incorporation		
Foreign representations	-	-			
				Total Asset	Statutory Share Capital
Foreign branches	-	-		-	-
Off-shore banking region branches	-	-		-	-

(1) The total number of branches of the consolidated subsidiaries is 10 and the number of employees is 192.

**2. Explanation on opening, closing of a branch/agency of the Parent Bank or changing its organizational structure significantly:**

In the current year, the Parent Bank has not opened any branch or agency and there is no significant change in the organization structure of the Parent Bank's operating branches. In the previous period, the

Bank did not open any new branches or representative offices, and there was no significant change in the organization of the branches and representative offices.



**TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES**  
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**SECTION SIX**

**OTHER EXPLANATIONS**

**I. Other explanations related to the operations of the Parent Bank**

**1.a Brief information related to rating 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
Support Note	Ns
Base Support Note	AA
National Note	Stable
National Note Outlook	b-

International credit rating agency Fitch Ratings updated the Bank's credit ratings on 22 September 2023.

**MOODY'S**

Reference Credit Rating Note	caa1
<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 (issuer)</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.

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

**SECTION SIX (Continued)**

**OTHER EXPLANATIONS (Continued)**

**I. Other explanations related to the operations of the Parent Bank (continued)**

**1.b Informations on corporate governance rating of the Parent 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.

**1.c Fee information related to the services that the Bank receives from an Independent Auditor or an Independent Audit Firm:**

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 consulting services	929	309
The cost of other assurance services	6.689	2.946
The cost of other services outside the independent audit	236	5
<b>Toplam</b>	<b>10.388</b>	<b>3.991</b>

**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. AND ITS SUBSIDIARIES**  
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**SECTION SEVEN**

**AUDITORS' REPORT**

**I. Explanations on the auditors' report**

The consolidated financial statements as of and for the year ended December 31, 2023 have been audited by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ (A Member firm of Ernst & Young Global Limited) and Auditors' Report dated February 5, 2024 is presented in the introduction of this report.

**II. Explanations and notes prepared by independent auditors**

There are no other explanations and notes not expressed in sections above related with the Group's operation.