

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

**Publicly announced consolidated financial
statements and related disclosures at September 30,
2023 together with auditor's review report and
interim activity report**

Convenience Translation of the Auditor's Review Report Originally Issued in Turkish

Independent Auditors' Report on Review of Consolidated Interim Financial Information

To the Board of Directors of Türkiye Sınai Kalkınma Bankası A.Ş.

Introduction

We have reviewed the consolidated statement of financial position of Türkiye Sınai Kalkınma Bankası A.Ş. ("the Bank") and its subsidiaries (together will be referred as "the Group") at September 30, 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 for the nine month period then ended. The Bank Management is responsible for the preparation and fair presentation of interim financial information 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 1 November 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 Accounting Standard 34 "Interim Financial Reporting" for those matters not regulated by the aforementioned regulations. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, "Limited Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial reporting process, and applying analytical and other review procedures. A review of interim financial information is substantially less in scope than an independent audit performed in accordance with the Independent Auditing Standards and the objective of which is to express an opinion on the financial statements. Consequently, a review of the interim financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an opinion.

Basis of Qualified Conclusion

As explained in Section Five II.7 Explanations and Disclosures Related to the Liabilities of Balance Sheet, the accompanying consolidated financial statements as at September 30, 2023 include a free provision at an amount of TL 900,000 thousands provided in prior years and TL 850,000 allocated in the current period, totaling TL 1,750,000 by the Group management for the possible effects of the negative circumstances which may arise from the possible changes in the economy and market conditions which does not meet the recognition criteria of TAS 37 "Provisions, Contingent Liabilities and Contingent Assets".

Qualified Conclusion

Based on our review, except for the effect of the matter referred in the basis of qualified conclusion paragraph on the consolidated financial statements, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not give a true view of the financial position of the Group at September 30, 2023 and of the results of its consolidated operations and its consolidated cash flows for the nine-month-period then ended in all aspects in accordance with the BRSA Accounting and Financial Reporting Legislation.

Report on other regulatory requirements arising from legislation

Based on our review, nothing has come to our attention that causes us to believe that the financial information provided in the accompanying interim activity report in Section Seven, are not consistent with the consolidated financial statements and disclosures in all material respects.

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



Fatma Ebru Yücel, SMMM
Partner

31 October 2023
İstanbul, Türkiye

**THE CONSOLIDATED FINANCIAL REPORT OF
TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2023**

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The consolidated financial report for the nine months 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
- INDEPENDENT AUDITOR’S LIMITED REVIEW REPORT
- INTERIM REPORT

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

Subsidiaries

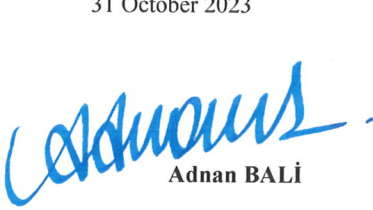
Yatırım Finansman Menkul Değerler A.Ş.
TSKB Gayrimenkul Yatırım Ortaklığı A.Ş.
Yatırım Varlık Kiralama A.Ş.

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 for the nine months, 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 reviewed and presented as attached.

31 October 2023



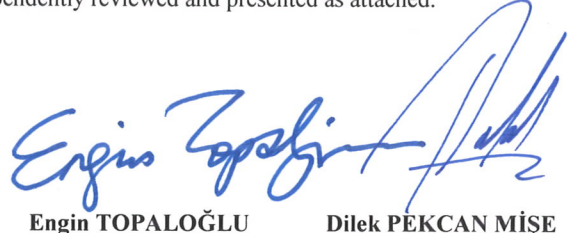
Adnan BALI

**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 MİŞE

**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

SECTION ONE

General Information

I.	The Bank's incorporation date, beginning status, changes in the existing status	1
II.	Explanations regarding the Bank's shareholding structure, shareholders holding directly or indirectly, collectively or individually, the managing and controlling power and changes in current year, if any and explanations on the controlling group of the Bank	1
III.	Explanations regarding the chairman and the members of board of the directors, audit committee, general manager and assistant general managers and their shares and responsibilities in the Bank	2
IV.	Information about the persons and institutions that have qualified shares in the Bank	3
V.	Summary on the Bank's functions and areas of activity	3
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	3
VII.	The existing or potential, actual or legal obstacle on the transfer of shareholder's equity between the Bank and its subsidiaries or the reimbursement of liabilities	5

SECTION TWO

Unconsolidated Financial Statements

I.	Unconsolidated balance sheet	6
II.	Unconsolidated statement of off-balance sheet items	8
III.	Unconsolidated statement of profit or loss	9
IV.	Unconsolidated statement of profit or loss and other comprehensive income	10
V.	Unconsolidated statement of changes in shareholders' equity	11
VI.	Unconsolidated statement of cash flows	13

SECTION THREE

Accounting Policies

I.	Basis of presentation	14
II.	Explanations on usage strategy of financial assets and foreign currency transactions	15
III.	Subsidiaries and associates subject to consolidation	17
IV.	Explanations on forward and option contracts and derivative instruments	17
V.	Explanations on associates and subsidiaries	18
VI.	Explanations on interest income and expenses	18
VII.	Explanations on fees and commission income and expenses	18
VIII.	Explanations on financial assets	18
IX.	Explanations on impairment of financial assets	22
X.	Explanations on offsetting, derecognition and restructuring of financial instruments	26
XI.	Explanations on sales and repurchase agreements and lending of securities	28
XII.	Explanations on assets held for sale and discontinued operations	28
XIII.	Explanations on goodwill and other intangible assets	28
XIV.	Explanations on tangible assets	29
XV.	Explanations on leasing transactions	30
XVI.	Explanations on provisions and contingent liabilities	32
XVII.	Explanations on liabilities regarding employee benefits	32
XVIII.	Explanations on taxation	34
XIX.	Additional explanations on borrowings	35
XX.	Explanations on share certificates issued	35
XXI.	Explanations on acceptances	36
XXII.	Explanations on government incentives	36
XXIII.	Explanations on segment reporting	36

SECTION FOUR

Information on Financial Structure and Risk Management

I.	Explanations related to shareholders' equity	38
II.	Explanations related to currency risk	43
III.	Explanations related to interest rate risk	45
IV.	Explanations related to stock position risk	49
V.	Explanations related to the liquidity risk management and liquidity coverage ratio	51
VI.	Explanations related to leverage ratio	57
VII.	Explanations related to risk management	58

SECTION FIVE

Explanations and Disclosures on Unconsolidated Financial Statements

I.	Explanations and disclosures related to the assets	60
II.	Explanations and disclosures related to the liabilities	83
III.	Explanations and disclosures related to the off-balance sheet items	90
IV.	Explanations and disclosures related to the income statement	94
V.	Explanations on the risk group of the Bank	99
VI.	Explanations and notes related to subsequent events	100

SECTION SIX

Auditors' Limited Review Report

I.	Explanations on the auditors' limited review report	100
II.	Explanations and notes prepared by independent auditors	100

SECTION SEVEN

Information On Interim Consolidated Activity Report

I.	Interim period activity report included chairman of board of directors and CEO's assessments for the interim activities	101
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TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD SEPTEMBER 30, 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:

Current Period	Share Capital	Shareholding Rate (%)	Paid in Capital	Unpaid Capital
Name Surname/Commercial Title				
T. İş Bankası A.Ş. Group (*)	1.438.280	51,37	1.438.280	-
T. Vakıflar Bankası T.A.O.	234.570	8,38	234.570	-
Under Custody at Merkezi Kayıt Kuruluşu (Other Institutions and Individuals)	1.127.150	40,25	1.127.150	-
Total	2.800.000	100,00	2.800.000	-

Prior Period	Share Capital	Shareholding Rate (%)	Paid in Capital	Unpaid Capital
Name Surname/Commercial Title				
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	-
Total	2.800.000	100,00	2.800.000	-

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

The Bank shares are traded in Istanbul Stock Exchange ("BIST") since December 26, 1986. The Bank's 51,37 % of the shares belongs to İş Bank Group and 38,80 % of these shares are in free floating and traded in BIST Star Market with "TSKB" ticker

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023

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

SECTION ONE (Continued)

GENERAL INFORMATION (Continued)

III. Explanations regarding the chairman and the members of board of directors, audit committee, general manager and assistant general managers and their shares and responsibilities in the 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	Independent Member of the Board of Directors
Murat Doğan	Member of the Board of Directors
Celal Caner Yıldız	Member of the Board of Directors
Abdi Serdar Üstünsalih	Member of the Board of Directors
M Sefa Pamuksuz (2)	Independent Member of the Board of Directors
Cengiz Yavilioğlu	Member of the Board of Directors

General Manager and Vice Presidents (3)

Name Surname	Title / Area of Responsibility
Murat Bilgiç	General Manager
Seyit Hüseyin Gürel (4)	Executive Vice President – Analysis Consultancy Services Sales, Financial and Technical Consultancy
Hasan Hepkaya	Executive Vice President – Corporate Banking Sales, Project Finance, Corporate Banking Marketing
Meral Murathan	Executive Vice President – Treasury, Financial Institutions and Investor Relations, Development Finance Institutions, Corporate Communications, Financial Research
Engin Topaloğlu	Executive Vice President – Financial Control, Budget and Planning Management
Özlem Bağdatlı	Executive Vice President – Human Resources, Legal Affairs, Pension and Assistance Funds
Mustafa Biliç 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 of above directors in the Parent Bank are symbolic.

(2) Member of the Board of Directors, Mr. Hüseyin Yalçın resigned from his post. At the Bank's Board of Directors meeting dated March 21, 2023, it was decided to elect Mr. M. Sefa Pamuksuz Yıldız to the vacant Member of Board of Directors within the framework of Article 363 of the Turkish Commercial Code.

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

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 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.

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.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023

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

SECTION ONE (Continued)

GENERAL INFORMATION (Continued)

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

TSKB Gayrimenkul Yatırım Ortaklığı A.Ş. :

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

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.

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.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023

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

SECTION ONE (Continued)

GENERAL INFORMATION (Continued)

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.

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 CONSOLIDATED FINANCIAL POSITION) AS OF SEPTEMBER 30, 2023

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

ASSETS	Section 5 Note I	Revised Current Period 30 September 2023			Audited Prior Period 31 December 2022		
		TL	FC	Total	TL	FC	Total
I. FINANCIAL ASSETS (NET)		16.404.047	14.415.545	30.819.592	11.118.327	13.011.354	24.129.681
1.1 Cash and Cash Equivalents		13.032.020	5.651.673	18.683.693	6.203.077	4.266.110	10.469.187
1.1.1 Cash and Balances with Central Bank	(1)	4.741	3.068.253	3.072.994	18.960	2.778.981	2.797.941
1.1.2 Banks	(3)	549.682	2.591.020	3.140.702	464.264	1.492.816	1.957.080
1.1.3 Money Market Placements		12.478.771	-	12.478.771	5.721.043	-	5.721.043
1.1.4 Expected Credit Losses (-)		1.174	7.600	8.774	1.190	5.687	6.877
1.2 Financial Assets at Fair Value Through Profit or Loss	(2)	151.434	-	151.434	175.599	-	175.599
1.2.1 Government Debt Securities		-	-	-	-	-	-
1.2.2 Equity Instruments		8.990	-	8.990	98.313	-	98.313
1.2.3 Other Financial Assets		142.444	-	142.444	77.286	-	77.286
1.3 Financial Assets at Fair Value Through Other Comprehensive Income	(4)	2.567.342	6.661.714	9.229.056	3.779.021	7.310.268	11.089.289
1.3.1 Government Debt Securities		2.142.396	6.026.489	8.168.885	2.846.542	6.903.245	9.749.787
1.3.2 Equity Instruments		183.893	635.225	819.118	112.705	407.023	519.728
1.3.3 Other Financial Assets		241.053	-	241.053	819.774	-	819.774
1.4 Derivative Financial Assets	(2)	653.251	2.102.158	2.755.409	960.630	1.434.976	2.395.606
1.4.1 Derivative Financial Assets at Fair Value Through Profit or Loss		653.251	2.102.158	2.755.409	960.630	1.434.976	2.395.606
1.4.2 Derivative Financial Assets at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
II. FINANCIAL ASSETS MEASURED AT AMORTIZED COST (NET)		16.340.749	111.586.936	127.927.685	13.961.970	74.654.449	88.616.419
2.1 Loans	(5)	10.807.759	106.014.781	116.822.540	10.044.689	70.885.506	80.930.195
2.2 Lease Receivables	(10)	36.617	411.147	447.764	34.615	345.616	380.231
2.3 Factoring Receivables		-	-	-	-	-	-
2.4 Other Financial Assets Measured at Amortized Cost	(6)	7.700.371	9.636.568	17.336.939	6.195.613	6.630.368	12.825.981
2.4.1 Government Debt Securities		7.700.371	9.636.568	17.336.939	6.195.613	6.630.368	12.825.981
2.4.2 Other Financial Assets		-	-	-	-	-	-
2.5 Expected Credit Losses (-)		2.203.998	4.475.560	6.679.558	2.312.947	3.207.041	5.519.988
III. PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (NET)	(16)	-	-	-	-	-	-
3.1 Held for Sale Purpose		-	-	-	-	-	-
3.2 Related to Discontinued Operations		-	-	-	-	-	-
IV. EQUITY INVESTMENTS		2.885.841	-	2.885.841	1.551.348	-	1.551.348
4.1 Investments in Associates (Net)	(7)	2.803.950	-	2.803.950	1.493.750	-	1.493.750
4.1.1 Accounted Under Equity Method		2.803.950	-	2.803.950	1.493.750	-	1.493.750
4.1.2 Unconsolidated Associates		-	-	-	-	-	-
4.2 Subsidiaries (Net)	(8)	68.727	-	68.727	51.970	-	51.970
4.2.1 Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
4.2.2 Unconsolidated Non-Financial Subsidiaries		68.727	-	68.727	51.970	-	51.970
4.3 Entities under Common Control (Joint Venture) (Net)		13.164	-	13.164	5.628	-	5.628
4.3.1 Joint Ventures Valued Based on Equity Method		13.164	-	13.164	5.628	-	5.628
4.3.2 Unconsolidated Joint Ventures		-	-	-	-	-	-
V. TANGIBLE ASSETS (Net)	(12)	1.566.876	-	1.566.876	1.214.227	-	1.214.227
VI. INTANGIBLE ASSETS (Net)	(13)	9.039	-	9.039	4.278	-	4.278
6.1 Goodwill		1.005	-	1.005	1.005	-	1.005
6.2 Other		8.034	-	8.034	3.273	-	3.273
VII. INVESTMENT PROPERTY (Net)	(14)	1.012.615	-	1.012.615	764.910	-	764.910
VIII. CURRENT TAX ASSET		436	-	436	177	-	177
IX. DEFERRED TAX ASSET	(15)	1.191.571	-	1.191.571	724.131	-	724.131
X. OTHER ASSETS (Net)	(17)	1.102.579	384.525	1.487.104	516.911	99.578	616.489
TOTAL ASSETS		40.513.753	126.387.006	166.900.759	29.856.279	87.765.381	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 BALANCE SHEET (STATEMENT OF CONSOLIDATED FINANCIAL POSITION) AS OF SEPTEMBER 30, 2023

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

		Revised Current Period 30 September 2023			Audited Prior Period 31 December 2022			
		Section 5 Note II	TL	FC	Total	TL	FC	Total
LIABILITIES AND EQUITY								
I.	DEPOSITS	(1)	-	-	-	-	-	-
II.	FUNDS BORROWED	(3)	31.027	99.678.189	99.709.216	-	70.814.085	70.814.085
III.	MONEY MARKET BALANCES		1.601.378	2.322.742	3.924.120	1.215.564	1.256.559	2.472.123
IV.	MARKETABLE SECURITIES ISSUED (Net)	(3)	868.904	28.842.139	29.711.043	505.705	21.047.752	21.553.457
4.1	Bills		327.350	-	327.350	333.220	-	333.220
4.2	Assets Backed Securities		541.554	-	541.554	172.485	-	172.485
4.3	Bonds		-	28.842.139	28.842.139	-	21.047.752	21.047.752
V.	BORROWER FUNDS		113.888	529.892	643.780	27.907	709.826	737.733
5.1	Borrower Funds		113.888	529.892	643.780	27.907	709.826	737.733
5.2	Other		-	-	-	-	-	-
VI.	FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VII.	DERIVATIVE FINANCIAL LIABILITIES	(2)	59.065	1.418.808	1.477.873	169.996	962.357	1.132.353
7.1	Derivative Financial Liabilities at Fair Value Through Profit or Loss		59.065	1.418.808	1.477.873	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)	27.725	-	27.725	5.563	-	5.563
X.	PROVISIONS	(7)	1.929.163	84.745	2.013.908	1.021.789	49.640	1.071.429
10.1	Restructuring Provisions		-	-	-	-	-	-
10.2	Reverse for Employee Benefits		60.062	-	60.062	48.190	-	48.190
10.3	Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4	Other Provisions		1.869.101	84.745	1.953.846	973.599	49.640	1.023.239
XI.	CURRENT TAX LIABILITY	(8)	1.457.223	-	1.457.223	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)	-	5.463.196	5.463.196	-	3.829.127	3.829.127
14.1	Loans		-	5.463.196	5.463.196	-	3.829.127	3.829.127
14.2	Other Debt Instruments		-	-	-	-	-	-
XV.	OTHER LIABILITIES		487.643	2.787.903	3.275.546	428.570	2.004.454	2.433.024
XVI.	SHAREHOLDERS' EQUITY		19.440.430	(243.301)	19.197.129	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		3.240.481	146.020	3.386.501	1.218.443	95.052	1.313.495
16.4	Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss		450.087	(389.321)	60.766	1.371.833	(361.382)	1.010.451
16.5	Profit Reserves		7.745.309	-	7.745.309	3.702.923	-	3.702.923
16.5.1	Legal Reserves		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		7.022.154	-	7.022.154	3.184.155	-	3.184.155
16.5.4	Other Profit Reserves		2.920	-	2.920	2.920	-	2.920
16.6	Profit Or Loss		4.895.326	-	4.895.326	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		5.006.272	-	5.006.272	3.980.412	-	3.980.412
16.7	Non-Controlling Interests		293.562	-	293.562	218.483	-	218.483
TOTAL LIABILITIES AND EQUITY			26.016.446	140.884.313	166.900.759	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 SEPTEMBER 30, 2023

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

		Revised Current Period 30 September 2023			Audited Prior Period 31 December 2022			
		Section 5 Note III	TL	FC	Total	TL	FC	Total
OFF-BALANCE SHEET								
A.	OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)		27.716.797	145.953.149	173.669.946	19.508.376	106.630.286	126.138.662
I.	GUARANTEES AND COLLATERALS	(1)	2.967.196	12.470.585	15.437.781	1.488.294	5.817.315	7.305.609
1.1	Letters of Guarantee		2.508.797	6.082.380	8.591.177	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		2.508.797	6.082.380	8.591.177	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		458.399	6.388.205	6.846.604	321.520	3.208.902	3.530.422
1.3.1	Documantery Letters of Credit		458.399	6.388.205	6.846.604	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)	5.855.948	4.802.502	10.658.450	5.868.743	9.504.856	15.373.599
2.1	Irrevocable Commitments		5.235.097	578.592	5.813.689	5.057.907	270.614	5.328.521
2.1.1	Forward Asset Purchase and Sale Commitments		60.532	379.504	440.036	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		-	167.506	167.506	-	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		5.174.565	31.582	5.206.147	5.004.309	21.676	5.025.985
2.2	Revocable Commitments		620.851	4.223.910	4.844.761	810.836	9.234.242	10.045.078
2.2.1	Revocable Loan Granting Commitments		620.851	4.223.910	4.844.761	810.836	9.234.242	10.045.078
2.2.2	Other Revocable Commitments		-	-	-	-	-	-
III.	DERIVATIVE FINANCIAL INSTRUMENTS	(2)	18.893.653	128.680.062	147.573.715	12.151.339	91.308.115	103.459.454
3.1	Derivative Financial Instruments for Hedging Purposes		-	35.542.723	35.542.723	-	26.497.037	26.497.037
3.1.1	Fair Value Hedge		-	35.542.723	35.542.723	-	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		18.893.653	93.137.339	112.030.992	12.151.339	64.811.078	76.962.417
3.2.1	Forward Foreign Currency Buy/Sell Transactions		1.435.786	1.799.835	3.235.621	690.671	873.913	1.564.584
3.2.1.1	Forward Foreign Currency Transactions-Buy		1.435.786	232.304	1.668.090	690.671	163.686	854.357
3.2.1.2	Forward Foreign Currency Transactions-Sell		-	1.567.531	1.567.531	-	710.227	710.227
3.2.2	Swap Transactions Related to Foreign Currency and Interest Rate		17.441.944	91.202.806	108.644.750	11.362.766	63.919.727	75.282.493
3.2.2.1	Foreign Currency Swap-Buy		281.281	25.343.407	25.624.688	77.756	17.764.305	17.842.061
3.2.2.2	Foreign Currency Swap-Sell		17.085.775	8.486.025	25.571.800	11.128.122	5.963.930	17.092.052
3.2.2.3	Interest Rate Swap-Buy		37.444	28.686.687	28.724.131	78.444	20.095.746	20.174.190
3.2.2.4	Interest Rate Swap-Sell		37.444	28.686.687	28.724.131	78.444	20.095.746	20.174.190
3.2.3	Foreign Currency, Interest Rate, and Securities Options		-	134.152	134.152	-	17.438	17.438
3.2.3.1	Foreign Currency Options-Buy		-	67.076	67.076	-	8.719	8.719
3.2.3.2	Foreign Currency Options-Sell		-	67.076	67.076	-	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		15.923	546	16.469	97.902	-	97.902
B.	CUSTODY AND PLEDGES SECURITIES (IV+V+VI)		302.424.976	1.979.477.511	2.281.902.487	156.833.831	1.202.625.176	1.359.459.007
IV.	ITEMS HELD IN CUSTODY		3.284.044	4.100.111	7.384.155	3.204.952	2.527.015	5.731.967
4.1	Customers' Securities Held		-	-	-	-	-	-
4.2	Investment Securities Held in Custody		3.255.477	4.100.111	7.355.588	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		28.567	-	28.567	50.576	-	50.576
V.	PLEDGES ITEMS		289.276.690	1.603.834.576	1.893.111.266	146.276.348	958.586.712	1.104.863.060
5.1	Marketable Securities		456.247	-	456.247	456.247	-	456.247
5.2	Guarantee Notes		201.637	3.107.220	3.308.857	132.137	2.558.202	2.690.339
5.3	Commodity		-	-	-	-	-	-
5.4	Warranty		-	-	-	-	-	-
5.5	Real Estate		92.596.751	498.125.869	590.722.620	55.452.686	256.863.629	312.316.315
5.6	Other Pledged Items		196.022.055	1.102.601.487	1.298.623.542	90.235.278	699.164.881	789.400.159
5.7	Pledged Items-Depository		-	-	-	-	-	-
VI.	ACCEPTED BILL OF EXCHANGE AND COLLATERALS		9.864.242	371.542.824	381.407.066	7.352.531	241.511.449	248.863.980
TOTAL OFF BALANCE SHEET ITEMS (A+B)			330.141.773	2.125.430.660	2.455.572.433	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 AND OTHER COMPREHENSIVE
INCOME FOR THE NINE-MONTH PERIOD THEN ENDED SEPTEMBER 30, 2023
(Amounts are expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

STATEMENT OF PROFIT OR LOSS		Reviwed Current Period January 1, 2023 – September 30,	Reviewed Prior Period January 1, 2022 – September 30,	Reviwed Current Period July 1, 2023 – September 30,	Reviewed Prior Period July 1, 2022 – September 30,
		Dipnot 2023	2022	2023	2022
I. INTEREST INCOME	(1)	12.242.046	7.087.362	4.925.032	2.898.891
1.1 Interest on Loans		7.942.301	3.758.596	3.057.082	1.487.776
1.2 Interest Received from Reserve Deposits		53	309	26	1
1.3 Interest Received from Banks		128.826	23.095	47.398	12.133
1.4 Interest Received from Money Market Placements		515.828	472.344	292.920	116.016
1.5 Interest Received from Marketable Securities Portfolio		3.601.744	2.797.403	1.501.273	1.265.782
1.5.1 Fair Value Through Profit or Loss		1.172	2.708	526	838
1.5.2 Fair Value Through other Comprehensive Income		692.440	762.543	222.845	273.225
1.5.3 Measured at Amortized Cost		2.908.132	2.032.152	1.277.902	991.719
1.6 Finance Lease Income		22.063	14.554	9.078	5.419
1.7 Other Interest Income		31.231	21.061	17.255	11.764
II. INTEREST EXPENSES (-)	(2)	5.414.982	2.334.952	2.143.138	938.507
2.1 Interest on Deposits		-	-	-	-
2.2 Interest on Funds Borrowed		4.064.598	1.208.980	1.656.416	553.995
2.3 Interest on Money Market Borrowings		271.643	100.392	92.552	25.990
2.4 Interest on Securities Issued		1.026.192	1.018.169	371.462	353.617
2.5 Leasing Interest Expense		3.218	480	1.274	247
2.6 Other Interest Expense		49.331	6.931	21.434	4.658
III. NET INTEREST INCOME (I - II)		6.827.064	4.752.410	2.781.894	1.960.384
IV. NET FEES AND COMMISSIONS INCOME / EXPENSES		461.243	224.954	239.636	75.894
4.1 Fees and Commissions Received		510.188	250.130	263.330	85.109
4.1.1 Non-cash Loans		119.921	39.211	51.508	15.478
4.1.2 Other		390.267	210.919	211.822	69.631
4.2 Fees and Commissions Paid (-)		48.945	25.176	23.694	9.215
4.2.1 Non-cash Loans		16.783	6.006	6.492	2.020
4.2.2 Other		32.162	19.170	17.202	7.195
V. DIVIDEND INCOME	(3)	22.012	19.754	7.735	3.409
VI. NET TRADING INCOME	(4)	1.957.297	821.182	201.141	332.616
6.1 Securities Trading Gains / (Losses)		(12.580)	33.598	2.315	9.123
6.2 Derivative Financial Instruments Gains / Losses		2.232.072	3.004.501	231.863	1.067.581
6.3 Foreign Exchange Gains / Losses (Net)		(262.195)	(2.216.917)	(33.037)	(744.088)
VII. OTHER OPERATING INCOME	(5)	441.484	201.328	50.397	76.685
VIII. GROSS OPERATING INCOME (III+IV+V+VI+VII)		9.709.100	6.019.628	3.280.803	2.448.988
IX. EXPECTED CREDIT LOSSES (-)	(6)	1.440.186	1.850.489	201.302	831.756
X. OTHER PROVISION EXPENSES (-)	(6)	870.000	384.403	170.000	-
XI. PERSONNEL EXPENSES (-)		630.730	300.822	253.114	129.428
XII. OTHER OPERATING EXPENSES (-)	(7)	498.478	305.011	193.080	109.632
XIII. NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)		6.269.706	3.178.903	2.463.307	1.378.172
XIV. AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER		-	-	-	-
XV. PROFIT / (LOSS) ON EQUITY METHOD		650.515	259.922	242.271	86.630
XVI. GAIN / (LOSS) ON NET MONETARY POSITION		-	-	-	-
XVII. PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XIII+...+XVI)		6.920.221	3.438.825	2.705.578	1.464.802
XVIII. TAX PROVISION FOR CONTINUED OPERATIONS (±)	(8)	1.839.363	793.592	838.742	341.878
18.1 Provision for Current Income Taxes		2.175.104	1.014.187	1.382.842	441.482
18.2 Deferred Tax Income Effect (+)		881.780	513.575	111.371	104.472
18.3 Deferred Tax Expense Effect (-)		1.217.521	734.170	655.471	204.076
XIX. NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XVI±XVII)	(10)	5.080.858	2.645.233	1.866.836	1.122.924
XX. INCOME ON DISCONTINUED OPERATIONS		-	-	-	-
20.1 Income on Assets Held for Sale		-	-	-	-
20.2 Income on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Venture)		-	-	-	-
20.3 Income on Other Discontinued Operations		-	-	-	-
XXI. LOSS FROM DISCONTINUED OPERATIONS (-)		-	-	-	-
21.1 Loss on Assets Held for Sale		-	-	-	-
Loss on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Venture)		-	-	-	-
21.2 (Joint Venture)		-	-	-	-
21.3 Loss from Other Discontinued Operations		-	-	-	-
XXII. PROFIT / (LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XX-XXI)		-	-	-	-
XXIII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-	-	-
23.1 Provision for Current Income Taxes		-	-	-	-
23.2 Deferred Tax Expense Effect (+)		-	-	-	-
23.3 Deferred Tax Income Effect (-)		-	-	-	-
XXIV. NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)		-	-	-	-
XXV. ET PROFIT/LOSS (XIX+XXIV)	(10)	5.080.858	2.645.233	1.866.836	1.122.924
25.1 Group's Profit / Loss		5.006.272	2.640.644	1.861.286	1.121.422
25.2 Minority Shares (-)		74.586	4.589	5.550	1.502
Earning / (loss) per share		1,788	0,943	0,665	0,401

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME FOR THE NINE-MONTH PERIOD THEN ENDED SEPTEMBER 30, 2023
(Amounts are expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

		Revised Current Period 1 January 2023 – 30 September 2023	Reviewed Prior Period 1 January 2022 – 30 September 2022
	PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		
I.	CURRENT PERIOD INCOME / LOSS	5.080.858	2.645.233
II.	OTHER COMPREHENSIVE INCOME	1.123.321	48.103
2.1	Not Reclassified Through Profit or Loss	2.073.006	58.236
2.1.1	Property and Equipment Revaluation Increase / Decrease	312.261	-
2.1.2	Intangible Assets Revaluation Increase / Decrease	-	-
2.1.3	Defined Benefit Pension Plan Remeasurement Gain / Loss	(68)	-
2.1.4	Other Comprehensive Income Items Not Reclassified Through Profit or Loss	1.777.343	59.818
2.1.5	Tax Related Other Comprehensive Income Items Not Reclassified Through Profit or Loss	(16.530)	(1.582)
2.2	Reclassified Through Profit or Loss	(949.685)	(10.133)
2.2.1	Foreign Currency Translation Differences	149.559	42.934
2.2.2	Valuation and / or Reclassification Income / Expense of the Financial Assets at Fair Value Through Other Comprehensive Income	(851.914)	(125.120)
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)	21.535
2.2.6	Tax Related Other Comprehensive Income Items Reclassified Through Profit or Loss	148.203	50.518
III.	TOTAL COMPREHENSIVE INCOME (I+II)	6.204.179	2.693.336

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 NINE-MONTH PERIOD THEN ENDED SEPTEMBER 30, 2023

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

						Accumulated Other Comprehensive Incomes or Expenses Not Reclassified Through Profit or Loss			Accumulated Other Comprehensive Incomes 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 – 30 September 2022																	
II.	Balance at Beginning of the Period		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		-	-	-	-	(1.636)	280	59.592	42.934	(74.602)	21.535	-	-	2.640.644	2.688.747	4.589	2.693.336
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		-	(2)	-	-	-	-	-	-	-	-	(17)	341	-	322	2.100	2.422
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	1.010	-	374	431.894	(4.355)	130.441	147.359	(357.895)	163.352	3.702.939	(34.498)	2.640.644	9.621.265	95.800	9.717.065

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 NINE-MONTH PERIOD THEN ENDED SEPTEMBER 30, 2023

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

						Accumulated Other Comprehensive Incomes or Expenses Not Reclassified Through Profit or Loss			Accumulated Other Comprehensive Incomes 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 – 30 September 2023																		
I.	Balance at Beginning of the Period		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		-	-	-	-	295.905	(16)	1.777.117	149.559	(703.711)	(395.533)	-	-	5.006.272	6.129.593	74.586	6.204.179
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		-	-	-	-	-	-	-	-	-	-	-	73	-	74	493	566
XI.	Profit Distribution		-	-	-	14.284	-	-	-	-	-	-	4.042.386	(4.056.742)	-	(72)	-	(72)
11.1	Dividends Distributed		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	3.897.098	(3.897.170)	-	(72)	-	(72)
11.3	Other		-	-	-	14.284	-	-	-	-	-	-	-	145.288	(159.572)	-	-	-
Period-End Balance (III+IV+.....+X+XI)			2.800.000	1.007	-	14.658	1.436.746	(979)	623.413	311.550	488.030	-	7.745.309	(110.945)	5.006.272	18.903.567	293.562	19.197.129

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 THEN ENDED SEPTEMBER 30, 2023
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

	Note	Reviewed Current Period 30 September 2023	Reviewed Prior Period 30 September 2022
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating Profit Before Changes in Operating Assets and Liabilities		5,829,811	5,138,419
1.1.1 Interest Received		9,172,300	5,318,139
1.1.2 Interest Paid		(4,906,330)	(2,364,421)
1.1.3 Dividends Received		22,012	19,754
1.1.4 Fees and Commissions Received		510,188	250,130
1.1.5 Other Income		189,226	627,857
1.1.6 Collections from Previously Written off Loans		153,162	100,826
1.1.7 Payments to Personnel and Service Suppliers		(764,460)	(355,303)
1.1.8 Taxes Paid		(832,044)	(695,432)
1.1.9 Others		2,285,757	2,236,869
1.2 Changes in Operating Assets and Liabilities		(3,223,653)	3,255,310
1.2.1 Net (Increase) (Decrease) in Financial Assets at Fair Value through Profit or Loss		(17,598)	30,006
1.2.2 Net (Increase) (Decrease) in Due from Banks		-	-
1.2.3 Net (Increase) (Decrease) in Loans		(919,321)	6,535,853
1.2.4 Net (Increase) (Decrease) in Other Assets		(890,570)	(417,443)
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		(3,341,418)	(5,011,711)
1.2.9 Net (Increase) (Decrease) in Matured Payable		-	-
1.2.10 Net (Increase) (Decrease) in Other Liabilities		1,945,254	2,118,605
I. Net Cash Provided by / (used in) Banking Operations		2,606,158	8,393,729
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net Cash Provided by / (used in) Investing Activities		3,669,640	(3,894,746)
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		(76,825)	(9,297)
2.4 Disposals of Property and Equipment		1,586	276
2.5 Purchase of Financial Assets at Fair Value through Other Comprehensive Income		(287,315)	(3,043,967)
2.6 Sale of Financial Assets at Fair Value through Other Comprehensive Income		4,147,879	3,092,045
2.7 Purchase of Financial Assets Measured at Amortized Cost		(397,215)	(4,308,159)
2.8 Sale of Financial Assets Measured at Amortized Cost		296,708	374,053
2.9 Others		(15,178)	(418)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net Cash Provided by / (used in) Financing Activities		1,438,752	(1,167,128)
3.1 Cash Obtained From Funds Borrowed and Securities Issued		8,799,668	3,939,713
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued		(7,310,194)	(5,085,991)
3.3 Capital Increase		-	-
3.4 Dividends Paid		-	(268)
3.5 Payments for Financial Leases		(50,722)	(20,582)
3.6 Other		-	-
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents		157,141	400,417
V. Net Increase in Cash and Cash Equivalents		7,871,691	3,732,272
VI. Cash and Cash Equivalents at Beginning of the Period		7,641,294	3,661,118
VII. Cash and Cash Equivalents at End of the Period		15,512,985	7,393,390

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023

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

SECTION THREE

ACCOUNTING POLICIES

I. Basis of presentation

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

The 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."

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

TAS 29 Financial Reporting in Hyperinflation Economies requires entities whose functional currency is that of a hyperinflationary economy to prepare their financial statements in terms of the measuring unit current at the end of the reporting period. TAS 29 describes characteristics that may indicate that an economy is hyperinflationary, and it requires all entities that report in the currency of the same hyperinflationary economy apply this Standard from the same date. Therefore, it is expected that TAS 29 will start to be applied simultaneously by all entities with the announcement of Public Oversight Accounting and Auditing Standards Authority to ensure consistency of the application required by TAS 29 throughout the country. However, the Authority has not published any announcement that determines entities would restate their financial statements for the accounting period ending on 30 September 2023 in accordance with TAS 29. In this context, financial statements as of September 30, 2023, in accordance with TFRS are not adjusted for inflation (TAS 29 is not applied).

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.

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

I. Basis of presentation

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 effective January 1, 2023 have no significant impact on the Bank's accounting policies, financial position and performance. IAS and IFRS amendments that have been published as of the date of finalization of the financial statements but have not entered into force will not have a significant 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.

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 indebttness 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.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

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

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.

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.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

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 V.

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.
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023

(Amounts are 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.

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.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

VIII. Explanations on financial assets

Initial measurement of financial instruments

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

Classification of financial instruments

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

Assessment of business model

As per TFRS 9, the 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.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

VIII. Explanations on financial assets (continued)

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.

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.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

VIII. Explanations on financial assets (continued)

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

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

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

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

During initial recognition an entity can choose in 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.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023

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

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.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023

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

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.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023

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

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.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023

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

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 possible effects, the Bank has established additional provisions for the sectors and customers whose effects are considered to be high by making individual valuations for the risks that cannot be captured through the models in the expected credit loss calculation.

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.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023

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

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.

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.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

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

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.

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

- Subsequent to the through review of company's financial data and its owners' equity position, at circumstances when it is not anticipated that the owner of the company will face financial difficulties; and it is assessed that the restructured debt will be paid on time (starting from the date when the debt is restructured all due principal and interest payments are made on time).
- At least 2 years should pass over the date of restructuring (or if it is later), the date of removal from non-performing loan category, at least 10% (or the ratio specified in the legislation) of the total principal amount at the time restructuring /refinancing shall be paid and no overdue amount (principal and interest) shall remain at the date of restructuring / refinancing.

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

- Recovery in debt service
- At least one year should pass over the date of restructuring
- Payment of all accrued and overdue amounts by debtor (interest and principal) since the date of restructuring /refinancing or the date when the debtor is classified as nonperforming (earlier date to be considered) and fulfillment of the payment condition of all overdue amounts as of the date of restructuring /refinancing
- Collection of all overdue amounts, disappearance of the reasons for classification as nonperforming receivable (based on the conditions mentioned above) and having no overdue more than 30 days as of the date of reclassification

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023

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

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 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 held for sale are measured at the lower of the assets’ carrying amount and fair value less costs to sell. This assets are not amortized and presented separately in the financial statements. In order to classify a tangible fixed asset as held for sale, the asset (or the disposal group) should be available for an immediate sale in its present condition subject to the terms of any regular sales of such asset (or such disposal groups) and the sale should be highly probable. For a highly probable sale, the appropriate level of management must be committed to a plan to sell the asset (or the disposal groups) , and an active programme to complete should be initiated to locate a customer. Also the asset (or the disposal group) should have an active market sale value, which is a reasonable value in relation to its current fair value. Also, the sale is expected to be accounted as a completed sale beginning from one year after the classification date; and the essential procedures to complete the plan should indicate the possibility of making significant changes on the plan or lower probability of cancelling.

Events or circumstances may extend the completion of the sale more than one year. Such assets are still classified as held for sale if there is sufficient evidence that the delay in the sale process is due to the events and circumstances occurred beyond the control of the entity or the entry remains committed to its plan to sell the asset (or disposal group).

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

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.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XIII. Explanations on goodwill and other intangible assets

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.

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.

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

Tangible Assets	Expected Useful Lives (Years)	Depreciation Rate (%)
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.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

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.

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.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XV. Explanations on leasing transactions

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.

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.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023

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

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

Severance pay according to the current laws and collective bargaining agreements in Turkey, is paid in case of retirement or dismissal. The Group calculates a provision for severance pay to allocate that employees need to be paid upon retirement or involuntarily leaving by estimating the present value of probable amount. There is no indemnity obligations related to the employees who are employed with contract of limited duration exceeding 12 month period. Actuarial gains and losses are accounted under Shareholder's Equity since 1 January 2013 in accordance with the Revised TAS 19.

The main shareholder Bank employees are members of the Industrial Development Bank of Turkey Joint Stock Company Civil Servants and Contractors Relief and Pensions Foundation and the Industrial Development Bank of Turkey A.Ş. Members Munzam Social Security and Solidarity Foundation ("Funds"). The technical financial statements of the said Funds are audited by an actuary registered in the registry 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 31 May 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.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XVII. Explanations on liabilities regarding employee benefits

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. As of the date of the announcement of the financial statements, there is no decision taken by the Council of Ministers on this issue. 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.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XVII. Explanations on liabilities regarding employee benefits (continued)

As of December 31, 2022, 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 24, 2023, no technical or actual deficit requiring provision as of December 31, 2022 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

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

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

In the financial statements dated September 30, 2023, 30% was used as the tax rate in the calculations of the period tax

Within the framework of the duplicate provision of Article 298/A of the Tax Procedure Law, the conditions required for inflation adjustment in the calculation of corporate tax as of the end of the calendar year 2021 have been fulfilled. However, with the regulation made by the Law dated 20 January 2022 and numbered 7352, the application of inflation adjustment in the corporate tax calculation has been postponed to 2023. Accordingly; the financial statements of the TPL for the 2021 and 2022 accounting periods, including the interim tax periods, are not subject to inflation adjustment, while the 2023 accounting period is as follows; will not be subject to inflation adjustment as of the interim tax periods, and the financial statements of TPC dated 31 December 2023 will be subject to inflation adjustment regardless of whether the conditions for inflation adjustment have been met. The profit/loss difference resulting from the inflation adjustment in the financial statements of the TPL will be shown in the profit/loss accounts of the past years and will not affect the corporate tax base.

With the Communiqué on the Amendment of the General Communiqué on Tax Procedure Law No. 547 (sequence no. 537) published in the Official Gazette dated January 14, 2023 and numbered 32073, the procedures and principles of the articles of the law allowing the revaluation of immovable and depreciable economic assets were rearranged. The change in question has been evaluated by the Bank. The Bank has been subjected to revaluation a portion of its depreciable assets that recognize the relevant criteria within the scope of the giving opportunities.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XVIII. Explanations on taxation (continued)

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

Stages 1 and 2 Deferred tax is recorded for stage expected loss provisions.

No deferred tax liability or asset is calculated for interim timing differences arising from the first entry of assets or liabilities other than goodwill or business combinations into the financial statements and which do not affect both business and financial profit or loss.

The recorded value of the deferred tax asset is reviewed as of each balance sheet date. To the extent that it is unlikely to generate a financial profit at a level that would allow the benefit of some or all of the deferred tax asset to be obtained, the recorded value of the deferred tax asset shall be reduced. Deferred tax is calculated on the tax rates in effect at the time the assets are formed or liabilities are fulfilled and is recorded on the income statement as an expense or income. However, if the deferred tax relates to assets that are 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 No. 5411 dated October 19, 2005, all special provisions allocated in relation to loans and other receivables are taken into account as expenses in determining the corporate tax base in the year in which they are allocated pursuant to paragraph 2 of the same article.

Transfer pricing

Transfer pricing is regulated through article 13 of Corporate Tax Law titled “Transfer Pricing Through Camouflage of Earnings”. Detailed information for the practice regarding the subject is found in the “General Communiqué Regarding Camouflage of Earnings Through Transfer Pricing”. According to the aforementioned regulations, in the case of making purchase or sales of goods or services with relevant persons/corporations at a price that is determined against “arm’s length principle”, the gain is considered to be distributed implicitly through transfer pricing and such distribution of gains is not subject to deductions in means of corporate tax.

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.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XX. Explanations on share certificates issued (Continued)

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 free capital increase.

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.

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.

Current Period	Corporate Banking	Investment Banking	Other	Total
Net Interest Income	3.899.681	2.601.448	325.935	6.827.064
Net Fees and Commission Income	115.438	167.730	178.075	461.243
Other Income	65.226	1.928.551	1.077.531	3.071.308
Other Expense	(1.512.605)	(122.988)	(1.803.801)	(3.439.394)
Profit Before Tax	2.567.740	4.574.741	(222.260)	6.920.221
Tax Provision				(1.839.363)
Net Profit				5.080.858
Group's profit / loss				5.006.272
Minority share profit / loss				74.586
Current Period	Corporate Banking	Investment Banking	Other	Total
Segment Assets	109.203.093	45.808.809	9.003.016	164.014.918
Investment in Associates and Subsidiaries	-	-	2.885.841	2.885.841
Total Assets	109.203.093	45.808.809	11.888.857	166.900.759
Segment Liabilities	131.855.819	4.657.283	11.190.528	147.703.630
Shareholders' Equity	-	-	19.197.129	19.197.129
Total Liabilities	131.855.819	4.657.283	30.387.657	166.900.759

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XXIII. Explanations on segment reporting(continued)

Prior Period(*)	Corporate Banking	Investment Banking	Other	Total
Net Interest Income	1.967.800	2.697.504	87.106	4.752.410
Net Fees and Commission Income	36.623	81.069	107.262	224.954
Other Income	-	795.846	506.340	1.302.186
Other Expense	(1.925.188)	(103.264)	(812.273)	(2.840.725)
Profit Before Tax	79.235	3.471.155	(111.565)	3.438.825
Tax Provision				(793.592)
Net Profit				2.645.233
Group's profit / loss				2.640.645
Minority share profit / loss				4.589
Prior Period (**)	Corporate Banking	Investment Banking	Other	Total
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
Total Assets	74.787.609	35.296.220	7.537.831	117.621.660
Segment Liabilities	93.477.043	3.656.787	7.495.374	104.629.204
Shareholders' Equity	-	-	12.992.456	12.992.456
Total Liabilities	93.477.043	3.656.787	20.487.830	117.621.660

(*) Informations about for the period of September 30, 2022.

(**) Informations about for the period of December 31, 2022.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023

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

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 September 30, 2023 is 23,15% (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.

	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	7.745.309	3.702.923
Other comprehensive income according to TAS	4.004.908	2.734.347
Profit	4.895.326	3.945.723
Current Period Profit	5.006.272	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	293.562	218.483
Core Equity Tier 1 Capital Before Deductions	19.740.486	13.402.857
Deductions from Core Equity Tier 1 Capital		
Valuation adjustments calculated as per the 1 st 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	290.611	242.520
Leasehold improvements on operational leases	5.916	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)	8.034	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	-	-
Mortgage servicing rights not deducted	-	-

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023

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

SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

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

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	-	-
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	1.021.514	262.115
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	-	-
Total Regulatory Adjustments to Tier I Capital	1.327.080	513.865
Core Equity Tier I Capital	18.413.406	12.888.992
ADDITIONAL TIER I CAPITAL		
Preferred stock not included in core equity and related share premiums	-	-
Debt instruments and the related issuance premiums defined by the BRSA	5.461.500	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)	-	-
Additional Tier I Capital before Deductions	5.461.500	3.721.300
Deductions from Additional Tier I Capital		
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	-	-
Items to be Deducted from Tier I Capital during the Transition Period		
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 (-)	-	-
Total Deductions From Additional Tier I Capital	-	-
Total Additional Tier I Capital	5.461.500	3.721.300
Total Tier I Capital (Tier I Capital=Core Equity Tier I Capital+Additional Tier I Capital)	23.874.906	16.610.292
TIER II CAPITAL		
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)	1.208.589	874.682
Shares of Third Parties in Tier II Capital	-	-
Shares of Third Parties in Tier II Capital (Temporary Article 3)	-	-
Tier II Capital Before Deductions	1.208.589	874.682
Deductions From Tier II Capital		
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.	-	-

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023

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

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 (-)	-	-
Total Deductions from Tier II Capital	-	-
Total Tier II Capital	1.208.589	874.682
Total Capital (The sum of Tier I Capital and Tier II Capital)	25.083.495	17.484.974
Deductions from Total Capital		
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	-	-
Items to be Deducted from sum of Tier I and Tier II (Capital) during the Transition Period		
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	-	-
CAPITAL		
Total Capital (Total of Tier I Capital and Tier II Capital)	25.083.495	17.484.974
Total Risk Weighted Assets	108.353.175	78.041.838
CAPITAL ADEQUACY RATIOS		
Consolidated Core Capital Adequacy Ratio (%)	16,99	16,52
Consolidated Tier I Capital Adequacy Ratio (%)	22,03	21,28
Consolidated Capital Adequacy Ratio (%)	23,15	22,40
BUFFERS		
Total buffer requirement (a+b+c)	2,511	2,512
(a) Capital conservation buffer requirement (%)	2,500	2,500
(b) Bank specific counter-cyclical buffer requirement (%)	0,011	0,012
(c) Systematic significant buffer (%)	-	-
The ratio of Additional Core Equity Tier I capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital Buffers to risk weighted assets	12,49	12,02
Amounts below the Excess Limits as per the Deduction Principles		
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	1.914.136	1.293.262
Remaining mortgage servicing rights	-	-
Excess amount arising from deferred tax assets from temporary differences	-	-

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023

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

SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

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

Limits Related to Provisions Considered in Tier II Calculation		
General reserves for receivables where the standard approach used (before tenthousandtwentyfive limitation)	4.802.716	3.429.351
Up to 1,25% of total risk-weighted amount of general reserves for receivables where the standard approach used	1.208.589	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	-	-
Debt instruments subjected to Article 4 (to be implemented between 1 January 2018 and 1 January 2022)		
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.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023

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

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)
Consideration in Equity Calculation	
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.
Interest/dividend payments	
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
Convertible or non-convertible	
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
Write-down feature	
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.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023

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

SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations related to consolidated currency risk

No long or short position is taken due to the uncertainties and changes in the markets therefore; no exposure to foreign currency risk is expected. However, possible foreign currency risks are calculated on monthly basis under the standard method in the foreign currency risk table and their results are reported to the official authorities and the Parent Bank's top management. Thus, foreign currency risk is closely monitored. Foreign currency risk, as a part of general market risk, is also taken into consideration in the calculation of Capital Adequacy Standard Ratio.

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".

Short position 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 Parent Bank as at reporting date and the previous five working days in US Dollar and Euro are as follows:

	1 US Dollar	1 Euro
The Parent Bank's "Foreign Exchange Valuation Rate"		
September 30, 2023	27,3075	28,8804
Prior Five Workdays:		
September 29, 2023	27,3075	28,8804
September 28, 2023	27,2185	28,5822
September 27, 2023	27,1486	28,6743
September 26, 2023	27,0815	28,6604
September 25, 2023	27,0520	28,7914

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 23,4347 and 28,6953 in full TL, respectively.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023

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

SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations related to consolidated currency risk (continued)

Information on the Group's foreign currency risk:

	Euro	US Dollar	Other FC	Total
Current Period				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased, Precious Metals) and Balances with the Central Bank of Turkey	964.923	2.103.330	-	3.068.253
Banks (8)	517.929	2.041.876	23.615	2.583.420
Financial Assets at Fair Value Through Profit or Loss (1)	374.763	977.723	4.070	1.356.556
Money Market Placements	-	-	-	-
Financial Assets at Fair Value through Other Comprehensive Income	1.847.454	4.814.260	-	6.661.714
Loans (2)	42.220.022	61.189.053	-	103.409.075
Subsidiaries, Associates and Entities Under Common Control (Joint Vent.)	-	-	-	-
Financial Assets Measured at Amortized Cost (3)	749.244	8.870.843	-	9.620.087
Derivative Financial Assets for Hedging Purposes (4)	-	68.774	-	68.774
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets (5)	133.166	239.071	-	372.237
Total Assets	46.807.501	80.304.930	27.685	127.140.116
Liabilities				
Bank Deposits	-	-	-	-
Foreign Currency Deposits	-	-	-	-
Money Market Borrowings	449.287	1.873.455	-	2.322.742
Funds Provided From Other Financial Institutions	32.238.215	72.903.170	-	105.141.385
Marketable Securities Issued	-	28.842.139	-	28.842.139
Miscellaneous Payables	672.067	1.659.385	15.423	2.346.875
Derivative Financial Liabilities for Hedging Purposes (4)	-	191.119	-	191.119
Other Liabilities (6)	543.749	1.574.481	4.805	2.123.035
Total Liabilities	33.903.318	107.043.749	20.228	140.967.295
Net Balance Sheet Position	12.904.183	(26.738.819)	7.457	(13.827.179)
Net Off-Balance Sheet Position	(11.482.951)	27.511.293	1.385	16.029.727
Financial Derivative Assets	3.802.814	33.250.468	1.013.915	38.067.197
Financial Derivative Liabilities	(15.285.765)	(5.739.175)	(1.012.530)	(22.037.470)
Non-Cash Loans (7)	5.599.121	6.871.464	-	12.470.585
Prior Period				
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
Net Balance Sheet Position	7.482.449	(16.101.241)	5.683	(8.613.109)
Net Off -Balance Sheet Position	(6.036.513)	17.593.190	197	11.556.874
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 (7)	3.145.030	2.672.285	-	5.817.315

(1) Exchange rate differences arising from derivative transactions amounting to TL 196.470 is deducted from "Financial Assets at Fair Value Through Profit and Loss".

(2) Loans include TL 1.472.188 foreign currency indexed loans, TL 411.147 financial lease receivables, TL 860 non-performing loans, and TL (860) credit-impaired losses (stage III / specific provision).(4.322.424) TL 1. and 2. provision for expected stage losses (including foreign currency indexed loans)

(3) Includes Stage 1 expected loss provision amounting to TL (16.481).

(4) Derivative financial assets for hedging purposes has classified in line of derivative financial assets in financial statement. Derivative financial liabilities for hedging purposes has classified in line of derivative financial liabilities in financial statement. TL 480.358 of foreign exchange difference accrual has been deducted from "Hedging Derivative Financial Assets".

(5) Other assets do not include prepaid expenses in the amount of TL 12.487. Stage 1 expected loss provision amounting to TL (1) is included.

(6) Derivative financial transactions exchange rate difference rediscount amounting to TL 160.319 is not included in the "Other Liabilities" line.

(7) Has no effect on net off-balance sheet position

(8) Stage 1 expected loss provision amounting to TL (7.600) is included.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023

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

SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

III. 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.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023

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

SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

III. 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)(2)	Total
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased) and Balances with the Central Bank of Turkey	-	-	-	-	-	3.072.994	3.072.994
Banks	1.826.372	51.600	-	-	-	1.262.730	3.140.702
Financial Assets at Fair Value Through Profit and Loss (3)	1.073.853	811.249	281.135	565.728	32.662	142.216	2.906.843
Money Market Placements	11.911.070	523.461	44.240	-	-	-	12.478.771
Financial Assets at Fair Value Through Other Comprehensive Income	1.179.252	1.361.172	1.136.663	2.992.689	1.605.825	953.455	9.229.056
Loans	41.050.488	27.857.733	24.953.916	16.032.803	5.369.749	-	115.264.689
Financial Assets Measured at Amortized Cost	7.476.329	221.993	2.050	6.198.373	3.438.194	-	17.336.939
Other Assets (2)	-	-	-	-	-	3.470.765	3.470.765
Total Assets	64.517.364	30.827.208	26.418.004	25.789.593	10.446.430	8.902.160	166.900.759
Liabilities							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Money Market Borrowings	3.924.120	-	-	-	-	-	3.924.120
Miscellaneous Payables	-	-	-	-	-	2.445.268	2.445.268
Marketable Securities Issued	(55.189)	236.360	396.004	20.442.004	8.150.310	541.554	29.711.043
Funds Provided from Other Financial Institutions(4)	53.304.005	17.205.547	19.697.619	13.142.888	1.822.353	-	105.172.412
Other Liabilities	813.531	317.089	318.367	192.795	-	24.006.134	25.647.916
Total Liabilities	57.986.467	17.758.996	20.411.990	33.777.687	9.972.663	26.992.956	166.900.759
Balance Sheet Long Position	6.530.897	13.068.212	6.006.014	-	473.767	-	26.078.890
Balance Sheet Short Position	-	-	-	(7.988.094)	-	(18.090.796)	(26.078.890)
Off-Balance Sheet Long Position	-	635.366	-	377.329	8.578.488	-	9.591.183
Off-Balance Sheet Short Position	(4.415.369)	-	(4.541.400)	-	-	-	(8.956.769)
Total Position	2.115.528	13.703.578	1.464.614	(7.610.765)	9.052.255	(18.090.796)	634.414

(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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023

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

SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

III. 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)(2)	Total
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased) and Balances with the Central Bank of Turkey	-	-	-	-	-	2.797.941	2.797.941
Banks	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	4.746.200	513.955	460.888	-	-	-	5.721.043
Financial Assets at Fair Value Through Other Comprehensive Income	804.939	2.956.361	1.859.992	3.236.902	1.243.621	987.474	11.089.289
Loan	21.077.145	13.235.609	27.064.586	13.583.455	4.202.569	-	79.163.364
Financial Assets Measured at Amortized Cost	6.195.613	-	-	4.288.990	2.341.378	-	12.825.981
Other Assets(2)	-	-	-	-	-	1.495.757	1.495.757
Total Assets	34.681.176	17.155.211	29.926.229	21.530.848	7.827.737	6.500.459	117.621.660
Liabilities							
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	7.130.287	336.059	-	13.917.465	-	169.646	21.553.457
Funds Provided from Other Financial Institutions (4)	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
Total Liabilities	36.190.235	13.422.629	24.338.490	23.780.119	1.904.822	17.985.365	117.621.660
Balance Sheet Long Position	-	3.732.582	5.587.739	-	5.922.915	-	15.243.236
Balance Sheet Short Position	(1.509.059)	-	-	(2.249.271)	-	(11.484.906)	(15.243.236)
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)
Total Position	(835.672)	2.483.477	6.752.113	(2.037.589)	6.364.425	(11.484.906)	1.241.848

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023

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

SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

III. Explanations related to consolidated interest rate risk (continued)

Average interest rates applied to monetary financial instruments: %

	Euro	US Dollar	Yen	TL
Current Period				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased) and Balances with the Central Bank of Turkey	-	-	-	-
Banks	2,30	5,18	-	40,93
Financial Assets at Fair Value Through Profit and Loss	-	-	-	48,50
Money Market Placements	-	-	-	33,57
Available-for-Sale Financial Assets	4,57	6,42	-	23,92
Loans	8,32	9,63	-	29,42
Financial Assets Measured at Amortized Cost	5,84	8,22	-	30,38
Liabilities				
Bank Deposits	-	-	-	-
Other Deposits	-	-	-	-
Money Market Borrowings	0,30	3,89	-	34,53
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	6,92	-	33,00
Borrower Funds	0,25	0,50	-	25,00
Funds Provided From Other Financial Institutions (1)	4,29	4,77	-	31,60

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023

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

SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

III. Explanations related to consolidated interest rate risk (continued)

Average interest rates applied to monetary financial instruments in prior period: %

	Euro	US Dollar	Yen	TL
Prior Period				
Assets				
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 (2)	-	-	-	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
Liabilities				
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.

IV. 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	2.206.792		3.119.105
Quoted	2.206.792		3.119.105

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023

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

SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

IV. Explanations related to consolidated stock position risk (continued)

Equity shares risk due from banking book (continued)

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

Current Period		Revaluation Value Increases		Unrealized Gains and Losses		
Portfolio	Realized Revenues and Losses in Period	Total	Included in Core Capital	Total	Included in Core Capital	Included in Supplementary Capital
Private Equity Investments	-	-	-	-	-	-
Share Certificates Quoted on a Stock Exchange	-	880.603	880.603	-	-	-
Other Share Certificates	-	803.730	803.730	-	-	-
Total	-	1.684.333	1.684.333	-	-	-

Prior Period		Revaluation Value Increases		Unrealized Gains and Losses		
Portfolio	Realized Revenues and Losses in Period	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	-	-	-
Total	-	728.869	728.869	-	-	-

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023

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

SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

V. 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.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023

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

SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

V. 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 Parent 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 Parent 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. In crisis situations, insignificant commitments, non-cash loans and outflows arising from derivative transactions may be temporarily postponed in a way that does not damage the bank's reputation. 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.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023

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

SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

V. 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
31/07/2023	191	313	231	334
31/08/2023	425	496	226	342
30/09/2023	442	402	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	
		TL+FC	FC	TL+FC	FC
Current Period					
HIGH QUALITY LIQUID ASSETS (HQLA)					
1	High quality liquid assets			15.916.913	9.820.665
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	9.632.671	6.171.879	8.505.679	5.100.003
6	Operational deposits	718.553	650.691	179.638	162.673
7	Non-Operational Deposits	-	-	-	-
8	Other Unsecured Funding	8.914.118	5.521.188	8.326.041	4.937.330
9	Secured funding			-	-
10	Other Cash Outflows	659.361	1.450.184	659.361	1.450.184
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	422.851	1.213.674	422.851	1.213.674
12	Debts related to the structured financial products	-	-	-	-
13	Commitment related to debts to financial markets and other off balance sheet liabilities	236.510	236.510	236.510	236.510
14	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	1.828.798	1.723.623	91.440	86.181
15	Other irrevocable or conditionally revocable commitments	36.271.749	28.990.702	4.646.021	2.820.675
16	TOTAL CASH OUTFLOWS	-	-	13.902.501	9.457.043
CASH INFLOWS					
17	Secured Lending Transactions	1.429	-	-	-
18	Unsecured Lending Transactions	12.940.561	6.688.279	9.906.976	4.477.974
19	Other contractual cash inflows	970.802	5.949.905	970.802	5.949.905
20	TOTAL CASH INFLOWS	13.912.792	12.638.184	10.877.778	10.427.879
				Upper Limit Applied Amounts	
21	TOTAL HQLA STOCK			15.916.913	9.820.665
22	TOTAL NET CASH OUTFLOWS			3.475.625	2.364.261
23	Liquidity Coverage Ratio (%)			458	415

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023

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

SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

V. 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
HIGH QUALITY LIQUID ASSETS (HQLA)				
1 High quality liquid assets			13.728.200	8.148.638
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	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 TOTAL CASH OUTFLOWS			13.891.662	10.197.623
CASH INFLOWS				
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 TOTAL CASH INFLOWS	10.080.455	13.689.776	7.801.738	12.152.571
			Upper Limit Applied Amounts	
21 TOTAL HQLA STOCK			13.728.200	8.148.638
22 TOTAL NET CASH OUTFLOWS			6.089.924	2.549.406
23 Liquidity Coverage Ratio (%)			225	320

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023

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

SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

V. 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 72%, and the share of resources provided by securities and syndication loans issued within the scope of bank resources diversification activities in total borrowing is 23%. 4% 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.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023

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

SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

V. 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)(2)	Total
Current Period								
Assets								
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased) and Balances with the Central Bank of Turkey	2	3.072.992	-	-	-	-	-	3.072.994
Banks	1.262.730	1.869.767	8.205	-	-	-	-	3.140.702
Financial Assets at Fair Value Through Profit and Loss (3)	142.216	892.478	856.239	1.015.910	-	-	-	2.906.843
Money Market Placements	-	11.911.070	523.461	44.240	-	-	-	12.478.771
Financial Assets at Fair Value Through Other Comprehensive Income	-	264.235	1.550.904	1.136.663	3.697.359	1.626.440	953.455	9.229.056
Loans	-	8.197.838	7.607.715	24.191.859	55.961.819	19.305.458	-	115.264.689
Financial Assets Measured at Amortized Cost	-	-	224.810	1.237.471	8.663.245	7.211.413	-	17.336.939
Other Assets(2)	272.691	-	-	541.554	-	-	2.656.520	3.470.765
Total Assets	1.677.639	26.208.380	10.771.334	28.167.697	68.322.423	28.143.311	3.609.975	166.900.759
Liabilities								
Bank Deposits	-	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-	-
Funds Provided from Other Financial Institutions(4)	-	2.078.727	3.504.477	15.284.862	44.119.461	40.184.885	-	105.172.412
Money Market Borrowings	-	3.924.120	-	-	-	-	-	3.924.120
Marketable Securities Issued	-	(55.189)	236.359	937.558	20.442.005	8.150.310	-	29.711.043
Miscellaneous Payables	-	-	-	-	-	-	2.445.268	2.445.268
Other Liabilities	-	496.016	382.608	691.966	112.736	-	23.964.590	25.647.916
Total Liabilities	-	6.443.674	4.123.444	16.914.386	64.674.202	48.335.195	26.409.858	166.900.759
Liquidity Gap	1.677.639	19.764.706	6.647.890	11.253.311	3.648.221	(20.191.884)	(22.799.883)	-
Net Off-balance sheet Position	-	25.006	(337.687)	38.490	844.801	47.881	-	618.491
Financial Derivative Assets	-	7.952.428	17.425.763	4.813.912	29.959.077	13.944.923	-	74.096.103
Financial Derivative Liabilities	-	7.927.422	17.763.450	4.775.422	29.114.276	13.897.042	-	73.477.612
Non-cash Loans	-	900.552	1.974.362	5.617.605	3.366.919	2.837.945	740.398	15.437.781
Prior Period								
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
Liquidity Gap	1.372.974	4.902.520	4.752.723	9.676.746	965.600	(6.006.077)	(15.664.486)	-
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.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023

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

SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VI. 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 12,24% (December 31, 2022: 11,57%). The amount of on-balance sheet assets increased by approximately 40,57% compared to the previous period.

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

		Current Period	Prior Period
1	Total Amount of Asset and Risk Situated in The Consolidated Financial Statements Prepared in Accordance with TAS (2)	148.549.215	117.365.604
2	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)	(18.351.562)	(256.056)
3	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)	1.091.814	1.302.943
4	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)	2.066.073	2.685.103
5	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)	(11.991.816)	(9.087.387)
6	The other differences between amount of assets and risk in the Communiqué on Preparation of Consolidated Financial Statements of Banks (1)	-	-
7	Total Exposures (1)	187.849.083	132.462.219

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

(2) Consolidated financial statements prepared in accordance with the sixth paragraph of article 5 of the Communiqué on Preparation of Consolidated Financial Statements of Banks. Since the consolidated financial statements prepared in accordance with TAS for the current period, the consolidated financial statements prepared in accordance with TAS dated June 30, 2022 and June 30, 2022 as of the previous period have been used.

c) Consolidated Leverage Ratio

		Current Period(1)	Prior Period(1)
	Balance sheet Assets		
1	Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals)	161.556.621	114.494.868
2	(Assets deducted from Core capital)	(1.120.022)	(373.493)
3	Total risk amount of balance sheet assets (sum of lines 1 and 2)	160.436.599	114.121.375
	Derivative financial assets and credit derivatives		
4	Cost of replenishment for derivative financial assets and credit derivatives	1.209.571	782.178
5	Potential credit risk amount of derivative financial assets and credit derivatives	454.024	310.485
6	Total risk amount of derivative financial assets and credit derivatives (sum of lines 4 and 5)	1.663.595	1.092.663
	Financing transactions secured by marketable security or commodity		
7	Risk amount of financing transactions secured by marketable security or commodity	1.301.025	1.611.804
8	Risk amount arising from intermediary transactions	28.827	47.985
9	Total risk amount of financing transactions secured by marketable security or commodity (sum of lines 7 and 8)	1.329.852	1.659.789
	Off-balance sheet transactions		
10	Gross notional amount of off-balance sheet transactions	36.410.853	24.675.779
11	(Correction amount due to multiplication with credit conversion rates)	(11.991.816)	(9.087.387)
12	Total risk of off-balance sheet transactions (sum of lines 10 and 11)	24.419.037	15.588.392
	Capital and total risk		
13	Core Capital	22.999.384	15.325.955
14	Total risk amount (sum of lines 3, 6, 9 and 12)	187.849.083	132.462.219
	Leverage ratio		
15	Leverage ratio	%12,24	%11,57

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023

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

SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VII. Explanations related to consolidated risk management (continued)

Linkages between financial statements and risk amounts

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

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

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

The main shareholder Bank's risk management approach is within the scope of 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; is a structure in which risks are defined in accordance with international regulations and measurement, analysis, monitoring and reporting activities are carried out within this framework.

The risk management process, which is shaped within the scope of the relevant policies and implementation principles and serves to create a common risk culture throughout the organization; It is 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 was established within the Parent Bank in order to ensure compliance with the relevant policies, implementation principles and processes and to manage the risks faced by the Parent Bank in line with these policies. The Risk Management Directorate, whose duties and responsibilities are determined by the regulations approved by the Board of Directors, carries out its activities through the Deputy General Manager Responsible for Internal Systems, who is independent of executive activities and executive units and subordinate to the Audit Committee.

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

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

Prospective risk assessments are carried out by applying stress tests on credit, market and interest risk at regular intervals and the impact of the results on the Parent Bank's financial strength in general is evaluated. The relevant results are reported to the Audit Committee and contribute to the evaluation of the Bank's financial structure in times of stress. Stress test scenarios are created by evaluating the effects of the past economic crises on macroeconomic indicators and the expectations for the next period. In the light of the created stress scenarios, the Parent Bank's risks and capital position in the coming period are foreseen and necessary analyzes are made in terms of legal and internal capital adequacy ratios and the ISEDES report is reported to the BRSA.

As of June 2022, in addition to using the ratings given by the Fitch Ratings International Rating Agency in determining the risk weights in the Bank's capital adequacy calculations, the risk weights of TL denominated receivables from domestically resident banks and intermediary institutions in the "Receivables from Banks and Intermediary Institutions" risk class and domestically resident firms and financial institutions in the "Corporate Receivables" class The national ratings assigned by JCR Avrasya Derecelendirme A.Ş. started to be used in the determination.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023

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

SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VII. 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)	90.564.001	64.939.218	7.245.120
2	Standardised approach	90.564.001	64.939.218	7.245.120
3	Internal rating-based approach	-	-	-
4	Counterparty credit risk	1.337.770	1.802.158	107.022
5	Standardised approach for counterparty credit risk	1.337.770	1.802.158	107.022
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	2.652.550	3.419.475	212.204
17	Standardised approach	2.652.550	3.419.475	212.204
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)	4.785.340	3.233.153	382.827
24	Floor adjustment	-	-	-
25	Total (1+4+7+8+9+10+11+12+16+19+23+24)	108.353.175	78.041.838	8.668.254

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023

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

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	2	-	2	-
Balances with the Central Bank of Turkey	4.739	3.068.253	18.958	2.778.981
Other	-	-	-	-
Total	4.741	3.068.253	18.960	2.778.981

	Current Period (1)		Prior Period	
	TL	FC	TL	FC
Unrestricted demand deposits	4.739	32.529	18.958	22.323
Unrestricted time deposits	-	-	-	-
Restricted time deposits	-	-	-	-
Other (2)	-	3.035.724	-	2.756.658
Total	4.739	3.068.253	18.958	2.778.981

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

(2) Expected credit loss amounting to TL 648 (December 31, 2022: TL 372) is allocated in "Balances with the Central Bank of Turkey".

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023

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

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 September 30, 2023 are presented in table below:

Reserve Rates for Turkish Lira Liabilities (%)	
Original Maturity	Reserve Ratio
Borrower Funds	0
Until 1 year maturity (1 year included)	8
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

Original Maturity	Reserve Ratio
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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023

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

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	38.613	1.199	90.994	870
Swap Transactions	614.638	1.551.363	869.636	1.046.180
Futures Transactions	-	-	-	-
Options	-	464	-	-
Other	-	-	-	-
Total	653.251	1.553.026	960.630	1.047.050

(1) Derivative Financial Assets for Hedging Purposes amounting to TL 549.132 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 September 30, 2023, the market rediscount value of these the swap process with a nominal amount of \$ 25 million is TL 329.061 and a redemption date of is 2027 (December 31, 2022: The market rediscount value of swaps with a nominal amount of \$ 70 million is TL 720.082).

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

As of September 30, 2023, there are no loans at fair value that are reflected in profit and loss.

Prior Period as of March 31, 2022, the Parent Shareholding Bank sold 192.500.000.000 Group A shares representing 55% of the capital of Türk Telekomünikasyon A.Ş., owned by LYY Telekomünikasyon A.Ş., to the Turkey Wealth Fund and as a result of the collection made from the sales amount, the portion of the loan corresponding to the Bank's share was closed. After the collection, the remaining loan amount is allocated against the whole amount. As of June 30, 2022, it was classified as a frozen receivable and was deducted accountably from the active together with the amount of the special provision allocated under IFRS 9 due to the lack of reasonable expectation of its recovery.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023

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

SECTION FIVE (Continued)

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		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic	549.682	1.550.827	464.264	299.523
Foreign	-	1.040.193	-	1.193.293
Branches and head office abroad	-	-	-	-
Total	549.682	2.591.020	464.264	1.492.816

(1) Expected credit loss amounting to TL 7.659 (December 31, 2022: TL 5.928) is allocated in "Banks".

3.b Information on banks and foreign bank accounts:

Not prepared in accordance with the Article No.25 of the Communiqué on the Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks.

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	-	-	-	3.331
Treasury bills	-	-	-	-
Other government debt securities	-	-	-	-
Bank bonds and bank guaranteed bonds	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
Total	-	-	-	3.331

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 3.937.486.

	Current Period		Prior Period	
	TP	YP	TP	YP
Share certificates	-	-	-	-
Bond, treasury bill and similar investment securities	2.141.496	1.795.990	2.357.394	3.974.419
Other	-	-	-	-
Total	2.141.496	1.795.990	2.357.394	3.974.419

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 23,21%, Eurobonds 65,30% and shares and other securities 11,49% (December 31, 2022: 25,67% government bonds, 62,25% Eurobonds, 12,08% shares and other securities).

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

4. Available-for-sale financial assets subject to repurchase agreements (continued)

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

	Current Period	Prior Period
Debt securities	8.527.826	10.281.932
Quoted on a stock exchange	2.330.632	3.213.493
Unquoted	6.197.194	7.068.439
Share certificates	824.012	524.622
Quoted on a stock exchange	128.757	57.569
Unquoted	695.255	467.053
Impairment provision(-)	(257.119)	(185.011)
Other	134.337	467.746
Total	9.229.056	11.089.289

The net book value of unquoted financial assets at fair value through other comprehensive income share certificates of the Group is TL 690.361 (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	631.531	-	681.627	-
Corporate shareholders	631.531	-	681.627	-
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	-	-	-	-
Loans granted to employees	11.207	-	5.921	-
Total	642.738	-	687.548	-

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(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)	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	100.556.580	5.821.090	6.905.871	-
Working Capital loans	13.743.199	1.224.173	2.905.284	-
Export loans	3.610.813	199.544	-	-
Import loans	-	-	-	-
Loans given to financial sector	9.963.725	-	-	-
Consumer loans	11.207	-	-	-
Credit cards	-	-	-	-
Other	73.227.636	4.397.373	4.000.587	-
Specialized loans	-	-	-	-
Other receivables	1.434.207	-	-	-
Total	101.990.787	5.821.090	6.905.871	-

(1) According to Parent Bank account plan purchasing Loans, Fleet Leasing Credits, Refinancing Loans and Portfolio Transfer Credits amounting to TL 1.189.169 shown under "Working Capital Loans", due to the nature of "Investment" shown under the category "other" in the above footnote.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023

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

SECTION FIVE (Continued)

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 Standard and Close Monitoring loans and restructured Close Monitoring loans: (continued)

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	-	-	-
Total	68.963.085	3.091.489	6.541.645	-

(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	1.001.249	-	709.071	-
Significant Increase in Credit Risk	-	3.651.176	-	2.651.648

5.c Loans according to their maturity structure:

Not prepared in accordance with the Article No.25 of the Communiqué on the Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(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:

Current Period	Short Term	Medium and Long Term	Total
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	649	10.558	11.207
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	649	10.558	11.207
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)	-	-	-
Total	649	10.558	11.207

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023

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

SECTION FIVE (Continued)

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):

Prior Period	Short Term	Medium and Long Term	Total
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)	-	-	-
Total	404	5.517	5.921

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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:

Not prepared in accordance with the Article No.25 of the Communiqué on the Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks.

5.g Domestic and foreign loans:

	Current Period	Prior Period
Domestic Loans	114.306.240	78.308.933
Foreign Loans	411.508	287.286
Total	114.717.748	78.596.219

5.h Loans granted to subsidiaries and associates:

	Current Period	Prior Period
Direct loans granted to subsidiaries and associates	1.767.006	1.496.337
Indirect loans granted to subsidiaries and associates	-	-
Total	1.767.006	1.496.337

5.i Specific provisions provided against loans or default (Stage 3) provisions:

	Current Period	Prior Period
Loans and receivables with limited collectability	250.698	232.742
Loans and receivables with doubtful collectability	1.485.596	1.557.486
Uncollectible loans and receivables	269.321	356.834
Total	2.005.615	2.147.062

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023

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

SECTION FIVE (Continued)

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):

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

	III. Group	IV. Group	V. Group
	Loans With Limited Collectability	Loans With Doubtful Collectability	Uncollectible Loans
Current Period			
Gross amounts before provisions	274.733	1.542.502	180.855
Restructured loans	273.201	1.542.502	180.855
Prior Period			
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:

	III. Group	IV. Group	V. Group
	Loans and Receivables With Limited Collectability	Loans and Receivables With Doubtful Collectability	Uncollectible Loans and Receivables
Current Period			
Prior Period End Balance	283.191	1.661.963	388.822
Additions (+)	8.212	-	103
Transfers from Other Categories of Non-performing Loans (+)	-	-	15.038
Transfers to Other Categories of Non-performing Loans (-)	-	15.038	-
Collections (-)	16.080	104.423	32.659
Write-offs (-) (1)	-	-	84.611
Sold (-)			
Corporate and Commercial Loans	-	-	-
Retail Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Exchange rate differences of non-performing loans	274	-	-
Current Period End Balance	275.597	1.542.502	286.693
Provisions (-)	250.698	1.485.596	269.321
Net Balance on Balance Sheet	24.899	56.906	17.372

(1) As of September 30, 2023, the effect of the Bank's NPL ratio is calculated as 7 basis points when the calculation is made by taking into account the loans written off.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023

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

SECTION FIVE (Continued)

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):

	III. Group	IV. Group	V. Group
	Loans and Receivables With Limited Collectability	Loans and Receivables With Doubtful Collectability	Uncollectible Loans and Receivables
Prior Period			
Prior Period End Balance	335.382	1.264.859	481.278
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
Current Period End Balance	283.191	1.661.963	388.822
Provisions (-)	232.742	1.557.486	356.834
Net Balance on Balance Sheet	50.449	104.477	31.988

(1) As of March 31, 2022, 192.500.000.000 Group 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 made from the sales amount, the relevant loan was collected in proportion to the Bank's share. However, a depreciation provision is reserved for the entire acquired asset. As of June 30, 2022, the risk for LYY Telekomünikasyon A.Ş., which was allocated for its entirety, was transferred to the follow-up accounts, and the amount in question and its special provisions transferred to the follow-up accounts were accountably deleted from the asset (TL 555.395 thousand). As of December 31, 2022, when the calculation is made by taking into account the loans deducted from the register, the effect of the Bank on the non-performing loan ratio is calculated as 67 basis points.

5.j.3 Information on foreign currency non-performing loans and other receivables:

	III. Group	IV. Group	V. Group
	Loans and Receivables With Limited Collectability	Loans and Receivables With Doubtful Collectability	Uncollectible Loans and Receivables
Current Period			
Period End Balance	860	-	-
Provision (-)	860	-	-
Net Balance on Balance Sheet	-	-	-
Prior Period:			
Period End Balance	586	-	27.594
Specific Provision (-)	586	-	27.594
Net Balance on Balance Sheet	-	-	-

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023

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

SECTION FIVE (Continued)

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:

	III. Group	IV. Group	V. Group
	Loans With Limited Collectability	Loans With Doubtful Collectability	Uncollectible Loans
Current Period (Net)			
Loans to Real Persons and Legal Entities (Gross)	275.597	1.542.502	279.734
Provision Amount (-)	250.698	1.485.596	262.362
Loans to Real Persons and Legal Entities (Net)	24.899	56.906	17.372
Banks (Gross)	-	-	-
Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans (Gross)	-	-	6.959
Provision Amount (-)	-	-	6.959
Other Loans and Receivables (Net)	-	-	-

	III. Group	IV. Group	V. Group
	Loans and Receivables With Limited Collectability	Loans and Receivables With Doubtful Collectability	Uncollectible Loans and Receivables
Prior Period (Net)			
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:

	III.Group	IV.Group	V.Group
	Loans with Limited Collectability	Loans with Doubtful Collectability	Uncollectible Loans
Current Period (Net)	-	-	-
Interest Accruals and Rediscount with Valuation Differences	274	-	-
Provision amount (-)	274	-	-
Prior Period (Net)	-	23.634	18
Interest Accruals and Rediscount with Valuation Differences	174	380.355	35.439
Provision amount (-)	174	356.721	35.421

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

5.k Main principles of liquidating non-performing loans and receivables:

Not prepared in accordance with the Article No.25 of the Communiqué on the Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks.

5.l Explanations about the deregistration policy

Not prepared in accordance with the Article No.25 of the Communiqué on the Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks.

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	2.855.756	3.356.398	2.264.088	820.706
Subject to Repurchase Agreements	91.828	2.983.003	116.980	2.059.762
Total	2.947.584	6.339.401	2.381.068	2.880.468

6.b Information on government debt investments held-to-maturity:

	Current Period	Prior Period
Government Bonds	17.336.939	12.825.981
Treasury Bills	-	-
Other Government Debt Securities	-	-
Total	17.336.939	12.825.981

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

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

	Current Period	Prior Period
Debt Securities		
Quoted on a Stock Exchange	7.700.371	6.195.613
Not Quoted	9.636.568	6.630.368
Impairment provision (-)	-	-
Total	17.336.939	12.825.981

6.d Movement of held-to-maturity investments within the year :

	Current Period	Prior Period
Balance at Beginning of the Period	12.825.981	3.955.703
Foreign Currency Differences on Monetary Assets	3.097.037	983.655
Purchases During The Period	397.215	6.636.025
Disposals Through Sales And Redemptions (-)	296.708	550.421
Impairment Provision (-)	-	-
Interest Income Accruals	1.313.414	1.801.019
Balance at End of Period	17.336.939	12.825.981

(1) Expected credit loss amounting to TL 11.353 is allocated in "Financial asset measured at amortized cost" (December 31, 2022: TL 12.207).

7. Information on investments in associates (net):

7.a 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 equity method.

7.b 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)	7.699	4.831	1.535	-	-	(3)	(219)	-
2	Ege Tarım	71.622	32.370	46.631	246	-	11.268	1.367	-

(1) Represents for the period ended March 31, 2023 financial statements. Prior year profit/loss is obtained from March 31, 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.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023

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

SECTION FIVE (Continued)

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.c 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	23.159.887	3.322.574	6.888	2.643.541	-	973.456	278.257	-
2	İş Finansal (1)	48.351.353	7.196.921	100.228	5.534.039	-	1.398.755	642.329	2.638.861
3	İş Girişim(1)	1.036.035	1.026.010	3.538	13.268	-	18.801	531	351.489

(1) Fair value is calculated over the September 30, 2023 stock market value.

	Current Period (2)	Prior Period (2)
Balance at the Beginning of the Period	1.491.613	775.763
Movements During the Period	1.309.084	715.850
Purchases	-	-
Bonus Shares Received	-	-
Current Year Share of Profit(1)	-	-
Sales	-	-
Revaluation Increase/Decrease (1)	1.309.084	715.850
Provision for Impairment (-)	-	-
Other	-	-
Balance at the End of the Period	2.800.697	1.491.613
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 3.253 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.d Sectoral information of consolidated associates and the related carrying amounts in the legal books:

	Current Period	Prior Period
Banks	-	-
Insurance Companies	-	-
Factoring Companies	722.660	311.134
Leasing Companies	1.907.034	1.012.259
Financial Service Companies	-	-
Other Financial Associates	171.003	168.220

7.e Information on consolidated associates quoted on stock market:

	Current Period	Prior Period
Associates Quoted on Domestic Stock Markets	2.078.036	1.180.479
Associates Quoted on Foreign Stock Markets	-	-

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

8. Information related to subsidiaries (net)

8.a Information related to equity component of subsidiaries:

	YF	TSKB GYO	Yatırım VKŞ
Current Period (1)	Current Period	Current Period	Current Period
CORE CAPITAL			
Paid-in Capital	63.500	650.000	150
Share Premium	-	1.136	-
Legal Reserves	13.001	8.937	115
Other Comprehensive Income/Loss according to TAS	34.891	-	-
Current and Prior Years' Profit	447.742	1.736.502	477
Leasehold Improvements (-)	2.439	-	-
Intangible Assets (-)	1.860	82	-
Total Core Capital	554.835	2.396.493	742
Supplementary Capital	-	-	-
Capital	-	-	-
Net Available Capital	554.835	2.396.493	742

(1) The information is obtained from financial statements subject to consolidation as of September 30, 2023.

	YF	TSKB GYO	Yatırım VKŞ
Prior Period (1)	Current Period	Current Period	Current Period
CORE CAPITAL			
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	-
Total Core Capital	345.265	1.809.494	304
Supplementary Capital	-	-	-
Capital	-	-	-
Net Available Capital	345.265	1.809.494	304

(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.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

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

8.b 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.c 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	95.323	75.234	15.212	6.094	-	21.739	7.532	-
2	TSKB SD	11.399	9.367	400	2.097	-	(1.160)	2.296	-

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)	3.896.810	559.134	57.786	502.801	1.368	200.129	79.478	-
TSKB GYO (1)	2.411.023	2.396.575	1.335	8.906	-	587.107	11.242	3.436.782
Yatırım VKŞ (1)	542.481	742	-	-	-	439	(18)	-

(1) The consolidated financial data of the subsidiaries are prepared in accordance with BRSA regulations.

(2) The fair value has been calculated based on the stock market value as of September 30, 2023.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

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

8.e Information related to consolidated subsidiaries (continued):

Unconsolidated movement related subsidiaries subjected to consolidation is as follows:

	Current Period	Prior Period
Balance at the Beginning of the Period	1.937.664	881.621
Movements During the Period	720.894	1.056.043
Purchases (2)	-	-
Bonus Shares Obtained	-	-
Current Year Shares of Profit	-	-
Sales	-	-
Revaluation Increase (1)	720.894	1.056.043
Provision for Impairment	-	-
Balance At the End of the Period	2.658.558	1.937.664
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 68.727 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.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023

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

SECTION FIVE (Continued)

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.f Sectoral information on subsidiaries subject to consolidation and the related carrying amounts in the legal books:

Subsidiaries	Current Period	Prior Period
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Financial Service Companies	-	-
Other Financial Subsidiaries	2.658.558	1.937.664

8.g Subsidiaries subject to consolidation quoted on stock market:

	Current Period	Prior Period
Subsidiaries quoted on domestic stock exchanges	2.078.036	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 20.12.2019 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	38.461	(26.329)	3.984	1.947	-	16.223	5.606	-

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	100.314	88.876	75.501	68.056
Between 1- 4 years	136.972	99.386	129.193	108.587
More than 4 years	381.117	259.502	263.900	203.588
Total	618.403	447.764	468.594	380.231

An expected loss provision amounting to TL 135.752 (December 31, 2022: TL 97.153) has been allocated to the "Financial Lease Receivables" account.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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
Gross investments in finance leases	618.403	468.594
Unearned revenue from finance leases (-)	170.639	88.363
Cancelled finance leases (-)	-	-
Net investments in finance leases	447.764	380.231

10.c Explanation with respect to finance lease agreements, the criteria used in determination of contingent rents, conditions for revisions or purchase options, updates of leasing amounts and the restrictions imposed by lease arrangements, whether arrays in repayment occur, whether the terms of the contract are renewed, if renewed, the renewal conditions, whether the renewal results any restrictions, and other important conditions of the leasing agreement:

Finance lease agreements are made in accordance with the related articles of 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 549.132 related to derivative financial assets for hedging purposes (December 31, 2022: positive differences amounting to TL 387.926).

As of September 30, 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	11.446.394	-	191.118	15.582.944	-	134.010
FC	11.446.394	-	191.118	15.582.944	-	134.010
TL	-	-	-	-	-	-
Swap Currency Transactions	24.096.329	549.132	-	10.914.093	387.926	-
FC	24.096.329	549.132	-	10.914.093	387.926	-
TL	-	-	-	-	-	-

11.a 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	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.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023

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

SECTION FIVE (Continued)

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)

Prior Period						
Hedging Item	Hedged Item	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)
				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.

12. Explanations on tangible assets (net)

Not prepared in accordance with the Article No.25 of the Communiqué on the Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks.

13. Information on intangible assets

Not prepared in accordance with the Article No.25 of the Communiqué on the Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks.

14. Information on investment properties

In the current period, the Group owns three investment properties with a net book value of TL 1.012.616 (December 31, 2022: TL 764.911) belonging to its subsidiary operating in the field of real estate investment trust. As of September 30, 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	-	-	39.120	178.980
Pendorya Mall	410.000	-	-	111.200	521.200
Adana Hotel Project	215.051	-	-	97.385	312.436
Total	764.911	-	-	247.705	1.012.616

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
Total	336.178	-	-	428.733	764.911

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023

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

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.

Assets:	Current Period	Prior Period
Loan commissions accrual adjustment	16.184	20.768
Provisions	1.427.298	851.929
Employee benefit provision	18.220	12.349
Marketable Securities	141.164	178.422
Others (1)	65.642	30.909
Total Deferred Tax Asset	1.668.508	1.094.377
Deferred tax liabilities:		
Marketable securities	(5.705)	(2.212)
Valuation of derivative instruments	(383.214)	(322.260)
Useful life difference of fixed assets	(8.123)	(1.980)
Others	(79.895)	(43.794)
Total Deferred Tax Liability	(476.937)	(370.246)
Net Deferred Tax Asset	1.191.571	724.131

(1) In the other item, there is also a deferred tax liability related to hedge accounting amounting to TL 43.096 (December 31, 2022: TL 23.350 tax asset).

	Current Period	Prior Period
Deferred Tax as of January 1 Asset / (Liability) - Net	724.131	396.583
Deferred Tax (Loss) / Gain	335.741	437.505
Deferred Tax that is Realized Under Shareholder's Equity	131.673	(109.957)
Deferred Tax Asset / (Liability) Net	1.191.571	724.131

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).

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

16. Explanation on assets held for sale

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

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.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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	17.044	808	117	503
Swap Transactions	42.021	1.226.882	169.879	827.844
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	59.065	1.227.690	169.996	828.347

(1) Derivative Financial Liabilities for Hedging Purposes amounting to TL 191.118 (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	31.027	-	-	552.003
From Foreign Banks, Institutions and Funds	-	99.678.189	-	70.262.082
Total	31.027	99.678.189	-	70.814.085

3.b Maturity analysis of funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	31.027	534.909	-	251.625
Medium and long-term	-	99.143.280	-	70.562.460
Total	31.027	99.678.189	-	70.814.085

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Nominal	350.000	28.617.686	518.410	20.467.150
Cost	317.271	28.521.546	494.348	20.362.637
Book Value	327.359	28.842.139	505.705	21.047.752

As of January 23, 2020, the Bank issued Eurobonds in the amount of USD 400 million. The interest rate of the fixed-rate, 5-year maturity and 6-month coupon payment debt instrument with an amortization date of January 23, 2025 is set at 6%.

As of January 14, 2021, the Bank issued Eurobonds in the amount of USD 350 million. The interest rate of the fixed-rate, 5-year maturity and 6-month coupon payment debt instrument with an amortization date of January 14, 2026 is set at 5,875%.

Yatırım Finansman Menkul Değerler A.Ş. June August 15, 2023, the nominal amount of TL 155.000.000, redemption date of August 17, 2023 and issued a debt instrument with a maturity of 63 days at a simple interest rate of 40,00. Yatırım Finansman Menkul Değerler A.Ş. December January August September 17, 2023, the company issued debt instruments with nominal amounts totaling TL 350.000.000 and redemption dates of December 14, 2023 and January 10, 2024 at a simple interest rate of 29.50 and 36,50, with a maturity of 119 days and 121 days.

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%.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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)

As of September 30, 2023, there are no new securities issued and all lease certificates issued previously have been redeemed.

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

Not prepared in accordance with the Article No.25 of the Communiqué on the Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks.

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, 26 cars and 388 phone and 404 unit computers are subject to operational leasing. The Bank has no liability for operational leases in the current period (December 31, 2022: 2 head office buildings, 11 branch, 24 cars and 383 computers under operational leasing). In the current period, the Bank has lease liability with TFRS 16 amounting to TL 27.725 related to operational lease transactions (December 31, 2022 : TL 5.563).

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)	-	191.118	-	134.010
Cash Flow Hedge	-	-	-	-
Hedge of net investment in foreign operations	-	-	-	-
	-	191.118	-	134.010

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023

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

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

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

As of the reporting date, the Parent 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 5.245 (December 31, 2022: TL 1.892).

The Parent Bank has an expected loss provision amounting to TL 117.119 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 Group 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 30 September 2023, employee termination benefits is amounting TL 39.339 reflected in financial statements (31 December 2022: TL 38.982). As of 30 September 2023, the Bank has provided a reserve for unused vacation amounting to TL 20.723 (31 December 2022: TL 9.208). This balance is classified under reserve for employee benefits in the financial statements.

Liabilities on pension rights:

As explained on the Section Three, Accounting Policies, XV. Explanations on Liabilities Regarding Employee Benefits as of September 30, 2023, the Bank has no obligations on pension rights (December 31, 2022: None).

Liabilities for pension funds established in accordance with Social Security Institution

None as of September 30, 2023 (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, 2022, 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 24, 2023, no technical or actual deficit requiring provision as of December 31, 2022 was identified.

In this context, for the main obligations of the Fund, 3. Taking into account the provisions of the Law explained in the accounting policies related to Chapter XVI "Obligations Related to Employee Rights", the Bank has no obligations as of September 30, 2023 for other social rights and payments contained in the foundation deed that are outside the main obligations of the circuit, as well as health benefits provided to employees

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023

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

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)

Accordingly, as of September 30, 2023 the Parent Bank has no requirements for the benefits transferable to the fund and for other benefits not transferable to the fund and arising from other social rights and payments covered by the existing trust indenture of the Fund and medical benefits provided for employees in accordance to the law explained in Section 3 Note XVI, the accounting policies related with employee benefits.

7.c.3 Explanations on litigation

As of September 30, 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:

None.

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	1.392.715	-	537.980	-
Deferred Tax Liability	-	-	-	-
Total	1.392.715	-	537.980	-

8.a.2 Information on taxes payable:

	Current Period	Prior Period
Corporate Taxes Payable	1.392.715	537.980
Taxation of Securities	12.532	4.782
Capital gains tax on property	-	-
Banking and Insurance Transaction Tax (BITT)	27.984	22.816
Foreign Exchange Transaction Tax	-	-
Value Added Tax Payable	4.200	3.206
Other	15.510	9.550
Total	1.452.941	578.334

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023

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

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.3 Information on premiums:

	Current Period	Prior Period
Social Security Premiums-Employee	1.383	673
Social Security Premiums-Employer	1.757	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	386	180
Unemployment Insurance-Employer	756	349
Other	-	-
Total	4.282	1.976

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

Not prepared in accordance with the Article No.25 of the Communiqué on the Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks.

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:

Not prepared in accordance with the Article No.25 of the Communiqué on the Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks.

11. Explanations on shareholders' equity

11.a Presentation of paid-in capital:

	Current Period	Prior Period
Common stock	2.800.000	2.800.000
Preferred stock	-	-

11.b Paid-in capital amount, explanation as to whether the registered share capital system ceiling is applicable at bank, if so, amount of registered share capital:

Capital System	Paid-in capital	Ceiling
Registered Capital System	2.800.000	7.500.000

11.c Information on share capital increases and their sources; other information on increased capital shares in current period:

In line with the decision taken at the Ordinary General Assembly held on March 28, 2023, the Bank does not have any capital increase during the current period.

In line with the decision taken at the Ordinary General Assembly held on March 29, 2022, the Bank does not have any capital increase during the current period.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

11. Information on shareholders' equity (continued)

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 and Investor Relations 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).

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	1.078.427	-	394.449	-
Available for Sale Financial Assets	1.176.374	(243.301)	1.055.949	(266.330)
Valuation Differences	853.416	(243.301)	882.550	(266.330)
Foreign Exchange Difference	322.958	-	173.399	-
Total	2.254.801	(243.301)	1.450.398	(266.330)

11.i Informations on legal reserves:

Not prepared in accordance with the Article No.25 of the Communiqué on the Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks.

11.j Information on extraordinary reserves:

Not prepared in accordance with the Article No.25 of the Communiqué on the Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks.

12. Information on minority shares:

Not prepared in accordance with the Article No.25 of the Communiqué on the Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023

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

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:

	Current Period	Prior Period
Commitments for Letter of Credit	2.458.893	163.786
Commitments for Stock Brokerage Purchase and Sales	1.288.976	30.052
Commitments for Money Market Brokerage Purchase and Sales	32.251	755.492
Commitments for Forward Purchase and Sales of Assets	440.036	1.543.169
Capital Commitments for Subsidiaries and Associates (1)	167.506	138.750
Other	1.426.027	2.697.272
Total	5.813.689	5.328.521

(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 6.846.604 (December 31, 2022: TL 3.570.065).

1.b.2 Certain guarantees, tentative guarantees, surety ships and similar transactions:

As of the reporting date, total letters of guarantee is TL 8.591.177 (December 31, 2022: TL 3.735.544).

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

	Current Period	Prior Period
Non-cash Loans Given Against Achieving Cash Loans	4.885.259	1.285.669
With Maturity of One Year or Less than One Year	440.614	88.233
With Maturity of More than One Year	4.444.645	1.197.436
Other Non-Cash Loans	10.552.522	6.019.940
Total	15.437.781	7.305.609

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023

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

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

Not prepared in accordance with the Article No.25 of the Communiqué on the Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks.

1.c.3 Information on non cash loans classified under Group I and Group II:

Not prepared in accordance with the Article No.25 of the Communiqué on the Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks.

2. Information related to derivative financial instruments

Not prepared in accordance with the Article No.25 of the Communiqué on the Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks.

3. Explanations on loan derivatives and risk exposures

Not prepared in accordance with the Article No.25 of the Communiqué on the Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks.

4. Explanations on contingent liabilities and assets

There are 73 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.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023

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

SECTION FIVE (Continued)

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.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023

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

SECTION FIVE (Continued)

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)

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

Not prepared in accordance with the Article No.25 of the Communiqué on the Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023

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

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	490.773	385.374	334.941	161.754
Medium and Long Term Loans	787.755	6.270.084	307.567	2.942.158
Interest on Non-performing Loans	8.315	-	2.262	9.914
Premiums received from Resource Utilization Support Fund	-	-	-	-
Total	1.286.843	6.655.458	644.770	3.113.826

(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)	53	-	309	-
Domestic Banks	104.737	21.780	15.586	5.778
Foreign Banks	-	2.309	-	1.731
Branches and Head Office Abroad	-	-	-	-
Total	104.790	24.089	15.895	7.509

(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	1.172	-	2.708	-
Financial Assets at Fair Value Through Other Comprehensive Income	399.521	292.919	379.570	382.973
Financial Assets Measured at Amortized Cost	2.430.289	477.843	1.899.987	132.165
Total	2.830.982	770.762	2.282.265	515.138

As stated in the accounting policies, the Parent 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 September 30, 2023, the valuation of these assets was made according to the annual inflation rate of 62.2% (October 2022-October 2023) (September 30, 2022: 80.84%).

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023

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

SECTION FIVE (Continued)

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, Commission Income	113.308	33.450

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	16.643	1.550.045	7.470	528.317
The Central Bank of Turkey	-	-	-	-
Domestic Banks	16.643	449.648	3.369	222.406
Foreign Banks	-	1.100.397	4.101	305.911
Branches and Head Office Abroad	-	-	-	-
Other Financial Institutions	-	2.497.910	-	673.193
Total (1)	16.643	4.047.955	7.470	1.201.510

(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 (September 30, 2022: None).

2.c Information on interest expense to securities issued:

	Current Period		Prior Period	
	FC	TL	FC	TL
Interest on securities issued (1)	56.977	969.215	41.800	976.369

(1) Commissions given to issuance have been included to interest expense.

3. Information on dividend income:

Not prepared in accordance with the Article No.25 of the Communiqué on the Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks.

4. Information on net trading income (net)

	Current period	Prior period
Profit	7.201.991	6.749.620
Gains on capital market operations	64.056	46.478
Gains on derivative financial instruments (1)	5.502.204	5.861.509
Foreign exchange gains	1.635.731	841.633
Losses (-)	(5.244.694)	(5.928.438)
Losses on capital market operations	(76.636)	(12.880)
Losses on derivative financial instruments (1)	(3.270.132)	(2.857.008)
Foreign exchange losses	(1.897.926)	(3.058.550)

(1) Foreign exchange gain from derivative transactions amounting to TL 3.513.466 is presented in "Gains on derivative financial instruments" (September 30, 2022: TL 3.630.470), foreign exchange loss from derivative transactions amounting to TL (1.462.692) is presented in "Losses on derivative financial instruments" (September 30, 2022: TL (952.992)).

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

III. Explanations and disclosures related to the consolidated income statement (continued)

5. Information related to other operating income

	Current Period	Prior Period
Provisions Released	92.237	78.918
Gains on Sale of Assets	1.492	212
From Associate and Subsidiary Sales	-	-
From Immovable Fixed Asset Sales	-	-
From Property Sales	1.492	212
From Other Asset Sales	-	-
Other (1)	347.755	122.198
Total	441.484	201.328

(1) Also includes the income amount of TL 57.142 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. The Group's expected loss provisions and other provision expenses

	Current Period	Prior Period
Expected Credit Loss	1.435.766	1.836.902
12 Months Expected Credit Loss (Stage 1)	388.478	211.613
Significant Increase in Credit Risk (Stage 2)	1.007.845	680.275
Non-performing Loans (Stage 3)(2)	39.443	945.014
Marketable Securities Impairment Expenses	4.420	2.702
Financial Assets at Fair Value Through Profit or Loss	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	4.420	2.702
Associates, Subsidiaries, and Entities under Common Control (Joint Venture) Value Decrease	-	-
Associates	-	-
Subsidiaries	-	-
Entities under Common Control (Joint Venture)	-	-
Other	870.000	395.288
Total	2.310.186	2.234.892

(1) As of the reporting date the free provision expense for possible losses amounting to TL 850.000 has been incurred (September 30, 2022: 280.000).

(2) Also includes the free provision amount for the loan belonging to LYY Telekomünikasyon A.Ş., which was written off from an asset in the prior period.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023

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

SECTION FIVE (Continued)

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

	Current Period	Prior Period
Reserve for Employee Termination Benefits	8.107	23.081
Bank Social Aid Fund Deficit Provision	-	-
Impairment Expenses of Fixed Assets	-	-
Depreciation Expenses of Fixed Assets	15.715	8.637
Impairment Expenses of Intangible Assets	-	-
Impairment Expense of Goodwill	-	-
Amortization Expenses of Intangible Assets	2.851	1.472
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	267.160	114.207
Rent Expenses	7.595	2.762
Maintenance Expenses	6.816	3.935
Advertisement Expenses	1.896	1.269
Other Expenses (2)	250.853	106.241
Loss on Sales of Assets	-	-
Other (1)	204.645	157.614
Total	498.478	305.011

(1) Yatırım Varlık Kiralama A.Ş. it also includes the amount of TL 57.142 related to the issuance of intermediaries belonging to . The same amount is also included as income in other operating income and is shown as gross without clarifying the reporting requirement. It includes tax and fee expenses excluding corporate tax in the amount of TL 77.398; permit provisions expenses in the amount of TL 12.779 (September 30, 2022: tax and fee expenses excluding corporate tax in the amount of TL 21.744; permit provisions expenses in the amount of TL 5.261).

(2) It includes donations in the amount of TL 69.290 made due to the earthquake disaster dated February 6, 2023.

8. Information on profit/loss before tax from continued and discontinued operations before tax

The Group's pre-tax profit on September 30, 2023 increased by 101,24% compared to its previous period pre-tax profit (September 30, 2022: an increase of 231,79%). Compared to the previous period, the Group's net interest income increased by 43,65% (September 30, 2022: an increase of 143,87%).

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 2.175.104 (September 30, 2022: TL 1.014.187 expense). Deferred tax income is TL 335.741 (September 30, 2022: TL 220.595 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 335.741 (September 30, 2022: TL 220.596 income).

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023

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

SECTION FIVE (Continued)

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:

None. (September 30, 2022: None)

10. Explanations on net profit/loss from continued and discontinued operations:

The Group is decreased the net profit by 92,08 % for the period ended September 30, 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 12.242.046 of interest income, TL 5.414.982 of interest expenses, TL 461.243 of net fees and commission income from banking operations (September 30, 2022: TL 7.081.362 interest income, TL 2.334.952 interest expenses, TL 224.954 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. (September 30, 2022: None).

11.c Minority share of profit and loss:

The current year loss attributable to minority shares is TL 74.586 (September 30, 2022: TL 4.589 Profit). The total shareholders' equity, including current year profit attributable to minority shares is TL 293.562 (September 30, 2022: TL 95.800).

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
Other Fee and Commission Income Received		
Consulting Revenues	70.823	-
Gains on Brokerage Commissions	56.243	49.285
Commissions from Initial Public Offering	918	105.292
Investment Fund Management Income	111	-
Insurance Commissions	-	5.223
Other	57.734	51.119
Total	185.829	210.919

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

V. 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	1.767.006	2	631.531	-	-	-
Interest and commission income received	109.055	4.253	43.873	-	-	-

(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)	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 (2)	33.448	2	19.709	-	186	-

(1) Mutual transactions between the Parent Bank and its fully consolidated subsidiaries are eliminated.

(2) Informations about September 30, 2022..

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	1.802.161	-	-	-	-	-
Total Profit / Loss (1)	(2.692)	-	-	-	-	-
Hedging Risk Transactions						
Beginning of the Period	-	-	-	-	-	-
End of the Period	-	-	-	-	-	-
Total Profit / Loss	-	-	-	-	-	-

(1) Includes informations about September 30, 2022.

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 75.061 (September 30, 2022: TL 33.243).

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

VI. Explanations and footnotes related to post-balance sheet issues

SAHA Corporate Governance and Credit Rating Services A.Sh. As a result of the Corporate Governance Rating study conducted by (SAHA), as of October 19, 2023, the Corporate Governance Rating of our Bank has been increased from 95,86% (9.59 out of 10) to 96,55% (9.66 out of 10).

SECTION SIX

AUDITORS' REPORT

I. Explanations on the auditors' limited review report

The consolidated financial statements as of and for the period ended on the same date as of September 30, 2023 have been reviewed by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ (A Member firm of Ernst & Young Global Limited) and Auditors' Report dated October 31, 2023 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.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023

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

SECTION SEVEN

INFORMATION ON INTERIM ACTIVITY REPORT

I. Interim period activity report included chairman of board of directors and CEO's assessments for the interim activities

GENERAL INFORMATION

Board of Directors

Name and Surname	Position	Term	Independent Member	Committees and Roles
Adnan Bali	Chairperson	2021-2024	No	-
Ece Börü	Vice Chairperson	2022-2024	No	Member of Corporate Governance Committee, Member of Sustainability Committee
Murat Bilgiç	Board Member	2022-2024	No	Member of Credit Revision Committee, Member of Sustainability Committee, Member of Risk Committee
Bahattin Özarslantürk	Board Member	2021-2024	Yes*	Chair of Credit Revision Committee, Member of Audit Committee, Member of Risk Committee
Mithat Rende	Board Member	2023-2024	No	Member of Sustainability Committee
Abdi Serdar Üstünsalih	Board Member	2021-2024	No	-
Gamze Yalçın	Board Member	2021-2024	Yes*	Chair of Audit Committee, Chair of Corporate Governance Committee, Chair of Remuneration Committee, Chair of Risk Committee
M. Sefa Pamuksuz	Board Member	2023-2024	Yes	-
Cengiz Yavilioğlu	Board Member	2021-2024	No	-
Murat Doğan	Board Member	2022-2024	No	Member of Corporate Governance Committee, Member of Remuneration Committee, Member of Sustainability Committee
Celal Caner Yıldız	Board Member	2022-2024	No	Member of Credit Revision Committee, Member of Sustainability Committee

Changes in Board of Directors during the period

There has been no change in the Bank's Board of Directors in the period between June 30, 2023 – September 30, 2023.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023

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

SECTION SEVEN

INFORMATION ON INTERIM ACTIVITY REPORT

I. Interim period activity report included chairman of board of directors and CEO's assessments for the interim activities (continued)

GENERAL INFORMATION (Continued)

Information on the Bank's Board Meetings

The Board of Directors issued 27 decisions in the period between January 01, 2023 – September 30, 2023. Board Members attended the meetings at a satisfactory level.

Senior Management and Directors

Name Surname	Position
Murat Bilgiç	CEO
Meral Murathan	Executive Vice President - Treasury, Financial Institutions and Investor Relations, Development Finance Institutions, Economic Research
Özlem Bağdatlı	Executive Vice President - Human Resources, Legal Affairs, Pension and Assistance Funds
Hasan Hepkaya	Executive Vice President - Corporate Banking Marketing, Corporate Banking Sales, Project Finance
Engin Topaloğlu	Executive Vice President - Financial Control, Budget and Planning, Procurement & Financial Affairs Management
Poyraz Koğacıoğlu	Executive Vice President - Corporate Finance
Bilinç Tanağardı	Executive Vice President - Application Development, System and Network Support, Enterprise Architecture and Process Management
S. Hüseyin Gürel	Executive Vice President – Advisory Services Sales, Financial and Technical Advisory, Loan Allocation, Credit Restructure and Resolution, Engineering
Tolga Sert	Director - Loan Operations, Treasury and Capital Market Operations, Credit Portfolio Management and Analytics, Loan Analysis
Dr. Burcu Ünüvar	Director - Chief Economist

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023

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

SECTION SEVEN

INFORMATION ON INTERIM ACTIVITY REPORT

I. Interim period activity report included chairman of board of directors and CEO's assessments for the interim activities (continued)

Changes in Senior Management and Directors

Mr. Hakan Aygen has retired from his duty effective as of 31 August 2023.

On 1 September 2023, Mr. S. Hüseyin Gürel has been appointed as Executive Vice President. On 1 August 2023, Ms. Dr. Burcu Ünüvar has been appointed as Director.

Mr. S. Hüseyin Gürel and Ms. Dr. Burcu Ünüvar's resume is provided below.

S. Hüseyin Gürel

Born in 1983 in Istanbul, Seyit Hüseyin Gürel graduated from the Department of Economics at the Middle East Technical University in 2007. Starting his professional life at Industrial Development Bank of Turkey, Mr. Gürel held various positions in Financial Analysis Department between 2007 and 2015. Mr. Gürel was positioned in Corporate Banking Department in 2015. Mr. Gürel was promoted as the Department Head of Corporate Banking Marketing in 2019 and appointed as Department Head of Advisory Services and Marketing in 2020. As of 1 September 2023, Hüseyin Gürel has been appointed as Executive Vice President in charge of Advisory Services Sales, Financial and Technical Advisory Department, Loan Allocation, Credit Restructure and Resolution, Engineering Departments.

Dr. Burcu Ünüvar

Burcu Ünüvar started her career at investment banking in 2004 and worked as the Senior Economist at Is Investment until 2013. Following her investment banking career, she joined Bilkent University as a full time academic at the Department of Economics.

In April 2017 she joined TSKB as the Chief Economist and the Head of Economic Research Department. As of August 2023, she was promoted to the Director position while also continuing her research as the Chief Economist, coordinating macroeconomic content regarding markets and development themes, with a focus on ecosystem crisis.

Ms Ünüvar holds a Bachelor Degree in Business Administration, MSc Degree in Applied Economics and Finance from Denmark and USA, and a PhD in Economics. On a related front, she continues her research as a non-teaching academic focusing on monetary policy, central bank communication and green central banking.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023

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

SECTION SEVEN

INFORMATION ON INTERIM ACTIVITY REPORT

I. Interim period activity report included chairman of board of directors and CEO's assessments for the interim activities (continued)

ASSESSMENT OF THE PERIOD BY THE CHAIRPERSON OF THE BOARD

During the third quarter, the global economy continued to experience fluctuations, and increasing geopolitical uncertainties and the volatile nature of oil prices added to the challenges in shaping the economic forecast. While it seems that central banks have concluded their interest rate hike cycle, it is important to note that substantial upside risks to global inflation still persist. Hence, there is a growing consensus that the scope for rate cuts in 2024 may be narrower than initially priced in.

The policies implemented by the new economic administration in Türkiye, including measures to tighten monetary policy and the recently unveiled Medium Term Program (MTP), have garnered positive feedback from both domestic and international economic stakeholders. Thanks to the policies in place, Türkiye's sovereign risk premium has decreased, and there has been an enhancement in external financing conditions. On the domestic front, international issuances, which had been on hold since January, recommenced in September. The Central Bank of the Republic of Türkiye (CBRT) is persisting in its efforts to tighten monetary policy by implementing selective credit and quantitative tightening measures. The goal is to achieve disinflation at the earliest opportunity, stabilize inflation expectations, and curtail adverse trends in pricing behavior. In this context, the CBRT underscores its commitment to an incremental tightening approach that will persist until a marked improvement in the inflation outlook is achieved.

Maintaining its resilience, the banking sector delivered a robust performance in the third quarter, surpassing its performance in the preceding quarter. TSKB distinguishes itself through its strong income generation capabilities and unique business model, all while upholding a prudent approach through its prudent provisioning policy. TSKB's performance during the first nine months of the year remained consistent with its established business plan. The Bank remains committed to contributing to Türkiye's sustainable development and meeting its customers' needs through its expertise and mission-driven approach in corporate banking, investment banking, and advisory services.

Kind regards,

Chairperson of the Board

Adnan Bali

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023

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

SECTION SEVEN

INFORMATION ON INTERIM ACTIVITY REPORT

I. Interim period activity report included chairman of board of directors and CEO's assessments for the interim activities (continued)

ASSESSMENT OF THE PERIOD BY THE CEO

Having successfully achieved our projections for the first nine months of 2023, the third quarter marked a period of substantial advancements in both funding and investment banking activities. Throughout our 73-year history, we have undertaken significant responsibilities as a bank dedicated to promoting Türkiye's high-quality and sustainable development. During this time, we have persistently enhanced our business continuity and expanded our sphere of influence. In this context, on the 100th Year of our Republic, we inaugurated our second Development Hub in Ankara.

In July, we successfully renewed our sustainability-linked syndicated loan, achieving a rollover ratio of 113%. Following that, in September, we issued our fourth sustainable bond worth USD 300 million, with demand exceeding 2,5 times the initial issuance amount. The funds raised from our issuance, which stands as a significant testament to investors' confidence in both our country and our Bank, will be utilized to further support investments in environmental and social development in accordance with our sustainability framework.

Since February, we have dedicated considerable efforts to the reconstruction and restoration of development and prosperity in disaster-stricken areas. As part of our commitment to social responsibility initiatives, we embarked on a mission to establish school libraries in cities impacted by earthquakes. Our first library, named the "TSKB Centennial of the Republic Library," was inaugurated in Adıyaman in an enhanced library format. Through our ongoing support, our objective is to establish school libraries in ten additional provinces that have been impacted by earthquakes by the year 2025.

We are pleased to have received two awards for our Integrated Annual Report, which is Türkiye's first "Energy Efficient Annual Report." Our 2022 Integrated Annual Report was honored with top awards in the "Interactive" and "Specialized AR" categories at the ARC Awards, recognized as the most prestigious accolades in the global field of annual reporting. During the same period, at the 23rd Excellence Awards hosted by the Brandon Hall Group, we won the gold award in the categories of "Best Advance in Coaching and Mentoring" and "Best Advance in Talent Acquisition Process," as well as the silver award in the category of "Best Benefits, Wellness and Well-Being Program." We take pride in the fact that the value generated through the sustainable and inclusive management of our human capital, a pivotal element in our value creation model, is recognized and celebrated through the awards we receive.

Due to our robust performance in the first nine months of 2023, we have experienced a growth of approximately 2% in our loan portfolio on an FX-adjusted basis year-to-date. We maintained the ratio of SDG-linked loans in our total portfolio at 92% as of end-September. With our current liquidity and the additional funds we will acquire, we remain committed to supporting companies in Türkiye with investments focused on environmental and social development in the upcoming period.

In the third quarter of 2023, our Bank's total assets amounted to TL 167 billion, while our total loan portfolio reached TL 117,3 billion. Our commission income from investment banking and advisory activities also supported our banking revenues with an annual increase of 105%. In the first nine months of 2023, we generated a profit before provisions and taxes of TL 9,7 billion, while our net profit for the same period was TL 5 billion. Our return on equity ratio reached 42,1%.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023

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

SECTION SEVEN

INFORMATION ON INTERIM ACTIVITY REPORT

I. Interim period activity report included chairman of board of directors and CEO's assessments for the interim activities (continued)

ASSESSMENT OF THE PERIOD BY THE CEO

Interim period activity report included chairman of board of directors and CEO's assessments for the interim activities (continued)

Through our investment banking mission, we assist our clients in their pursuit of value creation. In this context, we played a key role as intermediary in the public offering of Reeder Teknoloji Sanayi ve Ticaret A.Ş. (REEDR), a technology sector company, jointly led by Yatırım Finansman Menkul Değerler and Ziraat Yatırım Menkul Değerler. Furthermore, in line with our mission and long-term goals, we continue to support investments that make a tangible and multidimensional contribution to Türkiye's sustainable development goals. In pursuit of this objective, together with VakıfBank, we collectively supplied a financing package totaling USD 80 million to Pomega Enerji Depolama Teknolojileri, a green technology manufacturer. This package comprised a USD 60 million investment loan and a USD 20 million working capital loan.

With our focus on sustainable and inclusive development banking, we are dedicated to accompanying the green transformation journeys of our stakeholders. We will persist in delivering innovative solutions to meet our clients' requirements and contribute to our country's economy with our corporate banking, investment banking, and advisory services in the second century of our Republic.

Kind regards,

Chief Executive Officer

Murat Bilgiç

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023

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

SECTION SEVEN

INFORMATION ON INTERIM ACTIVITY REPORT

I. Interim period activity report included chairman of board of directors and CEO's assessments for the interim activities (continued)

ECONOMIC DEVELOPMENTS IN THE INTERIM PERIOD

Economic Developments in the Third Quarter of 2023

The global economy remained resilient throughout the third quarter of 2023. Globally, the services sector saw a gradual deceleration in momentum, although it slowed at a reduced rate, whereas manufacturing activity exhibited some signs of recovery. Despite the supportive measures implemented in China, concerns and uncertainties remain regarding the real estate sector and the speed of economic recovery. Elevated interest rates, along with the recent escalation of geopolitical tensions, contribute to the downside risks in the global growth outlook. Concerns regarding the impact of surging energy prices on global inflation's pace of recovery have intensified. Additionally, the anticipation that central banks in major economies might maintain higher interest rates for a more extended period than previously thought has resulted in a rise in bond yields and a reduction in risk appetite. The International Monetary Fund (IMF) adjusted its global growth projections in its October Global Economic Outlook report, raising the 2023 forecast from 2,8% (as of April) to 3,0% and revised the 2024 growth forecast from 3,0% to 2,9%. For 2023, the global consumer inflation is projected to be 6,9%, which is only 0,1 percentage points lower than the previous projection. Nonetheless, the IMF has put forth a projection that inflation is expected to reach 5,8% in 2024, marking an increase of 0,9 percentage points compared to its previous forecast. Although the IMF has indicated that inflation targets might not be attained by many countries until 2025, it has also increased its assumptions for policy rates. It has been noted that fiscal policies are currently neutral, but a more restrictive approach will be adopted in the following year.

The Turkish economy exceeded expectations by achieving robust growth in the second quarter of 2023. In the second quarter of 2023, despite the impact of inventories and external demand, gross domestic product (GDP) demonstrated growth primarily driven by domestic demand. According to adjusted data for calendar and seasonal factors, the GDP saw a quarter-on-quarter growth of 3,5%, with an annualized GDP growth rate of 3,8%. The annualized GDP, standing at USD 970,4 billion by the end of the first quarter in 2023, saw a rise to USD 1.022,2 billion during the second quarter.

Early indicators for the third quarter of 2023 suggest a deceleration in economic activity within the domestic market. Industrial production decreased by 0,4% in July and by 0,8% in August when compared to the previous month. Retail sales increased by 2,7% month-on-month in July, but declined by 4,7% in August. In the labor market, based on seasonally adjusted data, the unemployment rate decreased from 9,4% in July to 9,2% in August. However, various comprehensive unemployment indicators revealed a mixed or diverging trend. On the other hand, despite the manufacturing Purchasing Managers' Index (PMI) climbing to 49,6 in September, it has remained within the contraction zone for the past three months. The capacity utilization rate has shown minimal variation in the past three months, while sectoral confidence indices have exhibited fluctuations. Other indicators, such as loan volume and expenditure in the banking sector, suggest a modest deceleration.

Exports remained weak, while imports and the foreign trade deficit contracted due to a decline in the energy item. Although there was a continued recovery in the tourism sector, it was at a slower pace, and the contraction in the transportation sector hindered the overall improvement in the current account balance. According to preliminary data from the Ministry of Trade, exports declined by 0,3% in the first nine months compared to the same period in 2022, while imports increased by 1,3%. As a result, the foreign trade deficit in the first nine months of 2022 widened from USD 83,1 billion to USD 87,3 billion. The current account deficit, which stood at USD 35,0 billion in January-August 2022, expanded to USD 43,1 billion in the corresponding period of 2023.

Exchange rate fluctuations, along with rises in certain tax items and wage adjustments, contributed to the inflationary pressures observed in the third quarter. The annual inflation rate in the headline Consumer Price Index (CPI) increased to 61,5% in September, up from 38,2% at the end of the second quarter of 2023. During the same period, the annual inflation rate in the general domestic producer price index (D-PPI) increased from 40,4% to 47,4%. Furthermore, the accumulation of costs and declining expectations also contribute to the potential upward risks to inflation. The CBRT raised the policy rate from 8,50% to 15,00% in June and proceeded with additional rate hikes during its meetings in July, August, and September. During its most recent meeting, the CBRT increased the weekly repo rate by 500 basis points to 30,0% and emphasized its commitment to gradually reinforcing monetary tightening as required until a substantial improvement in the inflation outlook is achieved.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023

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

SECTION SEVEN

INFORMATION ON INTERIM ACTIVITY REPORT

I. Interim period activity report included chairman of board of directors and CEO's assessments for the interim activities (continued)

ECONOMIC DEVELOPMENTS IN THE INTERIM PERIOD (Continued)

Economic Developments in the Third Quarter of 2023 (continued)

Markets

Global markets exhibited a degree of fragility during the third quarter of 2023. Anticipations of major central banks adopting more prolonged and elevated interest rate policies to counter inflation, coupled with volatile energy prices and escalated geopolitical uncertainties, triggered significant surges in bond yields and intensified selling pressure on high-risk assets. The recent increase in geopolitical tensions and the pursuit of safe-haven investments contributed to a rise in gold prices. In contrast to the first two quarters, equity benchmark indices experienced a decline in the third quarter.

Overall, domestic financial markets demonstrated a positive performance during the third quarter of the year. In the second quarter, the Borsa İstanbul 100 and 30 indices registered gains of 44,7% and 37,5%, respectively. In the same period, the banking sector saw a rise of 64,9%. Bond yields increased in alignment with CBRT policy rates, resulting in the yield on the 2-year benchmark bond reaching 29,7% by the end of the third quarter, a surge from the 13,5% level at the end of June. Despite a decrease in the country risk premium, the Turkish lira experienced a slight depreciation in the third quarter, with the USD/TRY exchange rate settling at TL 27,4 by the end of September.

Banking Sector

In the first nine months of 2023, total loans surged by 40,7% in nominal terms in Turkish lira and by 26% in FX-adjusted terms in basket currency. According to BRSA's Weekly Bulletin, during this period, the sector's Turkish lira (TL) loans grew by 42,1%, whereas foreign currency (FX) loans declined by 5,6% on an FX-adjusted basis. Additionally, during the same period, TL corporate loans experienced a rise of 35,3%, while retail loans surged by 57,7%. In the first nine months of 2023, the sector's loan growth was primarily driven by the increase in SME loans and the rise in retail credit card usage.

As of September 2023, total corporate loans rose by 19,1%, primarily propelled by the growth in TL corporate loans. Within the sector, SME loans surged by 40,5% in FX-adjusted terms, while corporate loans excluding SMEs increased by 8,3%. Thanks to the Credit Guarantee Fund, SME loans experienced significant growth of 59,9% in state-owned banks and 21,5% in private banks.

The sector's non-performing loan ratio, which stood at 2,1% as of end-2022, was realized as 1,55% as of end-September with the contribution of limited non-performing loan formation and the increase in total loans. In the first nine months, the sector's non-performing loans increased by 4,1%, reaching TL 168 billion. However, the non-performing loan ratio improved from 1,8% to 1,41% in corporate loans excluding SMEs and from 2,81% to 1,74% in SME loans, due to the contribution of performing loans. In the retail loans sector, despite a decrease in loan disbursements, the growth rate of loan volumes decreased from 1,9% to 1,64%.

Since the beginning of the year, TL deposits in the sector have grown by 64,8% in nominal terms. The contraction in FX deposits during the first three months was reversed with a 24% increase in the second quarter, driven by exchange rate appreciation. Additionally, there was a 33% growth in the third quarter when compared to the beginning of the year. Total deposits surged by 50% during the third quarter. FX-adjusted FX deposits registered an 8,9% year-on-year decrease in the third quarter.

The share of FX deposits in total deposits also declined from 47% to 42% compared to end-2022. As of the end of September, the amount of funds transferred to FX-protected deposits increased by 133% year-to-date, amounting to TL 3,3 trillion, which represents 24,8% of the total deposits. Its share in total TL deposits is 41,9%.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023

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

SECTION SEVEN

INFORMATION ON INTERIM ACTIVITY REPORT

I. Interim period activity report included chairman of board of directors and CEO's assessments for the interim activities (continued)

ECONOMIC DEVELOPMENTS IN THE INTERIM PERIOD (continued)

Banking Sector (continued)

As of September, the sector's net interest margin, excluding trading profit/loss, stood at 4,1%, with private banks at 5,1% and public banks at 3,1%. Including trading profit/loss, the net interest margin in the sector is 6,1%, with private banks at 8% and public banks at 3,9%. The sector's shareholders' equity expanded by 35% compared to year-end, reaching TL 1,9 trillion, and the sector executed a capital increase of TL 81 billion in the first 9 months. As of September, the sector's capital adequacy ratio was 18,5%, and excluding temporary adjustments, it was calculated at 16%. The core capital adequacy ratio stood at 14,6% and materialized at 12,7% when excluding temporary adjustments.

GENERAL ASSEMBLY DECISIONS

The Bank's Ordinary General Assembly Meeting was held at the Bank's Headquarters on 28 March 2023. The General Assembly Resolutions were disclosed to the shareholders in the Annual Report for the Interim Period of 1 January and 31 March 2023 and on the Bank's website and the Public Disclosure Platform.

SIGNIFICANT DEVELOPMENTS IN THE BANK'S ACTIVITIES IN THE INTERIM PERIOD

Renewing its sustainability linked loan with a roll-over ratio of 113% in July, TSKB continues to further enrich and diversify its funding structure by issuing its fourth sustainable bond, sized 300 million US dollars in September. The deal was 2,5 times oversubscribed.

Within the scope of its social responsibility projects, TSKB set out to establish school libraries in the cities affected by earthquakes and successfully opens its first library "TSKB Republic Centenary Library" in Adıyaman. TSKB aims to open school libraries in 10 other earthquake-affected cities by 2025.

TSKB secured two ARC Awards for its 2022 Integrated Annual Report, which is Türkiye's first "Energy-Efficient Annual Report". The Bank clinched the top honors in the "Online Report-Interactive" and "Customized Annual Report-Specialized AR" categories at the world's largest international reporting competition.

Furthermore, in the third quarter of 2023, TSKB has secured two gold awards and one silver award in the categories of "Best Advance in Coaching and Mentoring", "Best Advance in Talent Acquisition Process" and "Best Benefits, Wellness and Well-Being Program" in the 23rd Excellence Awards organized by the Brandon Hall Group.

The Bank, in accordance with its investment banking mission, has acted as an arranger in Teknoloji Sanayi ve Ticaret A.Ş. (REEDR)'s initial public offering alongside the co-leadership of Yatırım Finansman Menkul Değerler ve Ziraat Yatırım Menkul Değerler.

The Bank, along with VakıfBank, has extended 60 million dollars' worth of investment and 20 million dollars' worth of working capital loans totaling 80 million dollars of funding to green technology producer Pomega Energy Storage Technologies. Investments contributing multidimensionally to Turkey's sustainable development goals continue to be supported.

In September TSKB, the leader in sustainable banking in Türkiye, has opened its second base in Ankara. TSKB continues to and expand its reach in order for new investments to for new investments to be made according to sustainability principles and for green transformation is achieved rapidly in the Republic's Centenary.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023

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

SECTION SEVEN

INFORMATION ON INTERIM ACTIVITY REPORT

I. Interim period activity report included chairman of board of directors and CEO's assessments for the interim activities (continued)

SIGNIFICANT DEVELOPMENTS IN THE BANK'S ACTIVITIES IN THE INTERIM PERIOD(Continued)

Developments Regarding the Bank's Corporate Governance Operations

The Bank's "Sustainability Compliance Report" and "Company General Info Form" were published on the Public Disclosure Platform. These reports are available at <https://www.kap.org.tr/en/Bildirim/1166929> and <https://www.kap.org.tr/en/Bildirim/1165037> .

FINANCIAL DEVELOPMENTS IN THE INTERIM PERIOD

The summary for the Bank's main financial indicators as of September 30, 2023 is provided below:

Total assets surged by 52% compared to the same period last year and increased by 42% compared to the end of 2022, reaching TL 166,9 billion.

As of end-September, the total loan portfolio stood at TL 117,3 billion, reflecting a 54% year-on-year increase and a 44% growth compared to the end of 2022. The loans to assets ratio stands at 70%. The ratio of non-performing loans to total loans stood at 1,8% as of the end of September.

Shareholders' equity reached TL 19 billion, marking a 98% increase compared to the same period last year and a 48% increase compared to the end of 2022. The capital adequacy ratio, which stood at 22,4% by the end of 2022, stood at 23,3% as of the end of September.

In the first nine months of 2023, net interest income increased by an annual 44% to stand at TL 6.827,1 million, while the income from fees and commissions rose by 105% to reach TL 461,2 million. In 2022, the cost-income ratio stood at 8,2%, it increased to 11,1% in the third quarter of 2023 due to the donations made to the earthquake zone.

In the first nine months of the year, net profit witnessed an increase of 92% year-on-year, reaching TL 5.081 million.

Return on equity ratio was 41,0% in 2022 and stood at 42,1% in the first nine months of 2023.

Return on assets ratio was 4,0% at 2022 year-end and stood at 4,8% in the first nine months of 2023.

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023

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

SECTION SEVEN

INFORMATION ON INTERIM ACTIVITY REPORT

I. Interim period activity report included chairman of board of directors and CEO's assessments for the interim activities (continued)

RISK MANAGEMENT

TSKB Risk Management Policies and implementation principles governing these policies comprise the written standards defined by the Board of Directors and enforced by the Bank's senior management.

In line with TSKB's Risk Management Policies, the main risks exposed by the Bank have been identified as credit risks, asset-liability management risk (market risk, structural interest rate risk, liquidity risk) and operational risk. A Risk Management Department has been established within the Bank to ensure compliance with said risk policies and the codes of practice pertaining thereto, and manage the risks the Bank is exposed to in accordance with these policies.

TSKB Risk Management Department actively participates in all processes related to the management of risks, and regularly reports to the Board of Directors, Audit Committee, senior management, and the relevant departments of the Bank. The roles, responsibilities and structure of the Department have been set forth in the Regulation on Risk Management Department.

In the third quarter of 2023, the Risk Committee was established to; evaluate the risks the Bank is exposed on a consolidated and unconsolidated basis, to formulate risk management policies and submit them to the Board of Directors for approval, to determine risk management practices and risk limits and 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 Committee reports the results of its activities to the Board of Directors through the Audit Committee.

OTHER INFORMATION

Explanations related to the developments that had a significant impact on the banking activities in the relevant period are provided above. Please see our 2022 Annual Integrated Report available at the following address for further details:

<https://www.tskb.com.tr/tskbentegrerapor2022/en.html>