Türkiye Sınai Kalkınma Bankası Anonim Şirketi and Its Subsidiaries

Publicly announced consolidated financial statements and related disclosures at March 31, 2024 together with auditor's review report and interim activity report

(Convenience translation of publicly announced consolidated interim financial statements and review report originally issued in Turkish, See Note I. of Section three)

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AUDITOR'S REVIEW REPORT ON INTERIM FINANCIAL INFORMATION

(Convenience translation of the independent auditor's review report originally issued in Turkish, See Note I of Section Three)

To the General Assembly of Türkiye Sınai Kalkınma Bankası Anonim Şirketi

Introduction

We have reviewed the consolidated balance sheet of Türkiye Sınai Kalkınma Bankası Anonim Şirketi ("the Bank") and its consolidated subsidiaries (collectively referred to as "the Group") at 31 March 2024 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 three-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 this interim financial information 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 for the Qualified Conclusion

As mentioned in Section Five Part II 7.c.1 of Explanations and Notes to the Consolidated Financial Statements; the accompanying consolidated financial statements as of 31 March 2024 include a free provision amounting to TL 1.7500.000 thousand provided in prior years by the Bank management which is not within the requirements of BRSA Accounting and Financial Reporting Legislation.

PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
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Qualified Conclusion

Based on our review, except for the effects of the matter on the consolidated financial statements described in the basis for the qualified conclusion paragraph above, nothing has come to our attention that causes us to believe that the accompanying consolidated financial information do not present fairly in all material respects the financial position of Türkiye Sınai Kalkınma Bankası Anonim Şirketi and its consolidated subsidiaries at 31 March 2024 and the results of its operations and its cash flows for the three-month period then ended in accordance with the BRSA Accounting and Financial Reporting Legislation.

Other Matter

The audit of the financial statements of the Group for the year ended 31 December 2023 was conducted by another independent audit firm and a qualified opinion was issued in audit report dated 5 February 2024 prepared by the mentioned independent audit firm.

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, is not consistent with the reviewed consolidated financial statements and disclosures in all material respects.

Additional Paragraph for Convenience Translation:

The effects of differences between accounting principles and standards explained in detail in Section Three and accounting principles generally accepted in countries in which the accompanying consolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying consolidated financial statements. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Gökçe Yaşar Temel, SMMM
Independent Auditor

Istanbul, 2 May 2024

THE CONSOLIDATED FINANCIAL REPORT OF
TÜRKİYE SINAİ KALKINMA BANKASI A.Ş.
FOR THE THREE MONTH PERIOD THEN ENDED 31/03/2024

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The consolidated financial report for the three month then ended includes the following sections in accordance with "Communiqué on the Financial Statements and Related Explanations 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, financial statements of which are consolidated within the framework of the reporting package, are as follows.

Subsidiaries	**Associates**
Yatırım Finansman Menkul Değerler A.Ş.	İş Finansal Kiralama A.Ş.
TSKB Gayrimenkul Yatırım Ortaklığı A.Ş.	İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.
Yatırım Varlık Kiralama A.Ş.	İş Faktoring A.Ş.

The accompanying consolidated financial statements and the explanatory footnotes and disclosures for the ninw month then ended, unless otherwise indicated, are prepared in **thousands of Turkish Lira ("TL")**, in accordance with the Communiqué on Banks' Accounting Practice and Maintaining Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, related communiqués and the Banks' records, and have been independently reviewed and presented as attached.

May 2, 2024

Chairman of Board of Directors	**Member of Board of Directors and General Manager**	**Member of the Board of Directors Responsible for Financial Reporting**

Director Responsible for Financial Reporting	**Financial Control Manager Responsible for Financial Reporting**

Board members

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

Name-Surname/Title : Dilek Pekcan Mişe / Financial Control Manager
Telephone Number : (212) 334 52 77

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(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 **Name Surname/Commercial Title**	**Share Capital**	**Shareholding Rate (%)**	**Paid in Capital**	**Unpaid Capital**
T. İş Bankası A.Ş. Group	1.438.281	51,37	1.438.281	-
T. Vakıflar Bankası T.A.O.	234.569	8,38	234.569	-
Under Custody at Merkezi Kayıt Kuruluşu (Other Institutions and Individuals)	1.127.150	40,25	1.127.150	-
Total	**2.800.000**	**100,00**	**2.800.000**	**-**

Prior Period **Name Surname/Commercial Title**	**Share Capital**	**Shareholding Rate (%)**	**Paid in Capital**	**Unpaid Capital**
T. İş Bankası A.Ş. Group(*)	1.438.281	51,37	1.438.281	-
T. Vakıflar Bankası T.A.O.	234.569	8,38	234.569	-
Under Custody at Merkezi Kayıt Kuruluşu (Other Institutions and Individuals)	1.127.150	40,25	1.127.150	-
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. According to the PDP statement dated April 4, 2024, it was decided that the partial division transactions would be carried out through the financial statements dated December 31, 2023, and the company to which the participation shares subject to the transfer would be transferred would be established under the title of TİBAŞ Holding Anonim Şirketi . Within the scope of the statements, there will be no change in partnership share rates. The impact of the transfer process on the Bank is not expected.

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

SECTION ONE (Continued)

GENERAL INFORMATION (Continued)

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 (Continued)

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

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 Genaral Manager
Mithat Rende	Member of the Board of Directors
Murat Doğan	Member of the Board of Directors
Abdi Serdar Üstünsalih	Member of the Board of Directors
M Sefa Pamuksuz	Independent Member of the Board of Directors
Cengiz Yavilioğlu	Member of the Board of Directors

General Manager and Vice Presidents (2)

Name Surname	Title / Area of Responsibility
Murat Bilgiç	General Manager
Seyit Hüseyin Gürel	Executive Vice President – Consulting Services Sales,, Financial and Technical Consulting Structuring and Analysis, Credit Allocation, Credit Structuring and Resolution, Engineering
Hasan Hepkaya	Executive Vice President, Corporate Banking Sales, Project Finance, Corporate Banking Marketing, Credit Operations
Meral Murathan	Executive Vice President – Treasury and Capital Market Operations, Financial Institutions and Investor Relations, Development Finance Institutions, Climate Change and Sustainability Management
Özlem Bağdatlı	Executive Vice President – Human Resources, Corporate Communications, Legal Affairs, Pension and Regular Foundations
Mustafa Bilinç Tanağardı	Executive Vice President – Application Development, System Support and Operation, Enterprise Architecture and Process Management, Purchasing and Financial Affairs Management
Poyraz Koğacıoğlu	Executive Vice President – Capital Markets, Mergers and Acquisitions, Corporate Finance

(1) The shares of above directors in the Parent Bank are symbolic.
(2) Bank's Deputy General Manager Mr. Engin Topaloğlu left his position due to retirement as of February 29, 2024..

According to the regulations on auditing in Articles 397-406 of the Turkish Commercial Code numbered 6102, PwC Bağımsız Denetim ve Serbest Mali Müşavirlik A.Ş. has been elected as the independent auditor for the year 2024 in the General Assembly Meeting held on March 28, 2024.

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.

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.

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.

VIII. 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 SINAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEET (STATEMENT OF CONSOLIDATED FINANCIAL POSITION) AS OF MARCH 31, 2024

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

(Convenience translation of publicly announced consolidated interim financial statements and review report originally issued in Turkish, See Note I. of Section three)

			Reviewed Current Period 31 March 2024			Audited Prior Period 31 December 2023		
	ASSETS	**Section 5 Note I**	**TL**	**FC**	**Total**	**TL**	**FC**	**Total**
I.	**FINANCIAL ASSETS (NET)**		**18.479.318**	**14.050.111**	**32.529.429**	**12.366.734**	**15.366.459**	**27.733.193**
1.1	**Cash and Cash Equivalents**		**10.783.249**	**5.761.614**	**16.544.863**	**7.630.646**	**7.992.154**	**15.622.800**
1.1.1	Cash and Balances with Central Bank	**(1)**	565	3.957.445	3.958.010	8.683	2.934.142	2.942.825
1.1.2	Banks	**(3)**	552.499	1.810.962	2.363.461	198.512	5.062.745	5.261.257
1.1.3	Money Market Placements		10.240.293	-	10.240.293	7.424.388	-	7.424.388
1.1.4	Expected Credit Losses (-)		10.108	6.793	16.901	937	4.733	5.670
1.2	**Financial Assets at Fair Value Through Profit or Loss**	**(2)**	**529.135**	**-**	**529.135**	**409.358**	**-**	**409.358**
1.2.1	Government Debt Securities		28.680	-	28.680	-	-	-
1.2.2	Equity Instruments		10.911	-	10.911	7.440	-	7.440
1.2.3	Other Financial Assets		489.544	-	489.544	401.918	-	401.918
1.3	**Financial Assets at Fair Value Through Other Comprehensive Income**	**(4)**	**6.564.477**	**6.463.854**	**13.028.331**	**3.851.908**	**5.914.430**	**9.766.338**
1.3.1	Government Debt Securities		6.024.078	5.650.863	11.674.941	3.669.367	5.161.094	8.830.461
1.3.2	Equity Instruments		177.702	812.991	990.693	163.648	753.336	916.984
1.3.3	Other Financial Assets		362.697	-	362.697	18.893	-	18.893
1.4	**Derivative Financial Assets**	**(2)**	**602.457**	**1.824.643**	**2.427.100**	**474.822**	**1.459.875**	**1.934.697**
1.4.1	Derivative Financial Assets at Fair Value Through Profit or Loss		602.457	1.824.643	2.427.100	474.822	1.459.875	1.934.697
1.4.2	Derivative Financial Assets at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
II.	**FINANCIAL ASSETS MEASURED AT AMORTIZED COST (NET)**		**19.603.818**	**139.602.800**	**159.206.618**	**18.616.230**	**123.677.102**	**142.293.332**
2.1	**Loans**	**(5)**	**14.087.585**	**131.633.790**	**145.721.375**	**14.151.168**	**117.065.644**	**131.216.812**
2.2	**Lease Receivables**	**(10)**	39.814	434.852	474.666	**34.052**	**418.318**	**452.370**
2.3	**Factoring Receivables**		-	-	-	-	-	-
2.4	**Other Financial Assets Measured at Amortized Cost**	**(6)**	**9.695.631**	**12.056.193**	**21.751.824**	**8.392.539**	**10.501.573**	**18.894.112**
2.4.1	Government Debt Securities		9.695.631	12.056.193	21.751.824	8.392.539	10.501.573	18.894.112
2.4.2	Other Financial Assets		-	-	-	-	-	-
2.5	**Expected Credit Losses (-)**		4.219.212	4.522.035	**8.741.247**	**3.961.529**	**4.308.433**	**8.269.962**
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**		**3.154.245**	**-**	**3.154.245**	**2.939.908**	**-**	**2.939.908**
4.1	**Investments in Associates (Net)**	**(7)**	**3.040.509**	**-**	**3.040.509**	**2.825.834**	**-**	**2.825.834**
4.1.1	Accounted Under Equity Method		3.040.509	-	3.040.509	2.825.834	-	2.825.834
4.1.2	Unconsolidated Associates		-	-	-	-	-	-
4.2	**Subsidiaries (Net)**	**(8)**	**99.343**	**-**	**99.343**	**101.016**	**-**	**101.016**
4.2.1	Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
4.2.2	Unconsolidated Non-Financial Subsidiaries		99.343	-	99.343	101.016	-	101.016
4.3	**Entities under Common Control (Joint Venture) (Net)**		**14.393**	**-**	**14.393**	**13.058**	**-**	**13.058**
4.3.1	Joint Ventures Valued Based on Equity Method		14.393	-	14.393	13.058	-	13.058
4.3.2	Unconsolidated Joint Ventures		-	-	-	-	-	-
V.	**TANGIBLE ASSETS (Net)**	**(12)**	**2.253.883**	**-**	**2.253.883**	**2.237.255**	**-**	**2.237.255**
VI.	**INTANGIBLE ASSETS (Net)**	**(13)**	**7.261**	**-**	**7.261**	**8.118**	**-**	**8.118**
6.1	Goodwill		1.005	-	1.005	1.005	-	1.005
6.2	Other		6.256	-	6.256	7.113	-	7.113
VII.	**INVESTMENT PROPERTY (Net)**	**(14)**	**1.435.250**	**-**	**1.435.250**	**1.430.350**	**-**	**1.430.350**
VIII.	**CURRENT TAX ASSET**		**1.184**	**-**	**1.184**	**691**	**-**	**691**
IX.	**DEFERRED TAX ASSET**	**(15)**	**1.454.319**	**-**	**1.454.319**	**1.480.605**	**-**	**1.480.605**
X.	**OTHER ASSETS (Net)**	**(17)**	**2.031.612**	**527.061**	**2.558.673**	**2.640.202**	**150.198**	**2.790.400**
	TOTAL ASSETS		**48.420.890**	**154.179.972**	**202.600.862**	**41.720.093**	**139.193.759**	**180.913.852**

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

TÜRKİYE SINAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEET (STATEMENT OF CONSOLIDATED FINANCIAL POSITION) AS OF MARCH 31, 2024

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

(Convenience translation of publicly announced consolidated interim financial statements and review report originally issued in Turkish, See Note I. of Section three)

			Reviwed Current Period 31 March 2024			Audited Prior Period 31 December 2023		
	LIABILITIES AND EQUITY	**Section 5 Note II**	**TL**	**FC**	**Total**	**TL**	**FC**	**Total**
I.	**DEPOSITS**	**(1)**	-	-	-	-	-	-
II.	**FUNDS BORROWED**	**(3)**	**702.040**	**113.879.672**	**114.581.712**	**175.418**	**106.675.692**	**106.851.110**
III.	**MONEY MARKET BALANCES**		**3.349.520**	**3.954.673**	**7.304.193**	**1.502.958**	**2.224.922**	**3.727.880**
IV.	**MARKETABLE SECURITIES ISSUED (Net)**	**(3)**	**1.418.781**	**36.296.474**	**37.715.255**	**1.921.359**	**32.227.091**	**34.148.450**
4.1	Bills		490.884	-	490.884	397.337	-	397.337
4.2	Assets Backed Securities		927.897	-	927.897	1.524.022	-	1.524.022
4.3	Bonds		-	36.296.474	36.296.474	-	32.227.091	32.227.091
V.	**BORROWER FUNDS**		**20.077**	**1.157.028**	**1.177.105**	**132.820**	**1.349.660**	**1.482.480**
5.1	Borrower Funds		20.077	1.157.028	1.177.105	132.820	1.349.660	1.482.480
5.2	Other		-	-	-	-	-	-
VI.	**FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS**		-	-	-	-	-	-
VII.	**DERIVATIVE FINANCIAL LIABILITIES**	**(2)**	**86.222**	**1.270.894**	**1.357.116**	**32.887**	**1.115.271**	**1.148.158**
7.1	Derivative Financial Liabilities at Fair Value Through Profit or Loss		86.222	1.270.894	1.357.116	32.887	1.115.271	1.148.158
7.2	Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
VIII.	**FACTORING LIABILITIES**		-	-	-	-	-	-
IX.	**LEASE LIABILITIES**	**(5)**	**42.738**	-	**42.738**	**39.250**	-	**39.250**
X.	**PROVISIONS**	**(7)**	**1.969.536**	**62.042**	**2.031.578**	**1.900.887**	**180.126**	**2.081.013**
10.1	Restructuring Provisions		-	-	-	-	-	-
10.2	Reverse for Employee Benefits		116.171	-	116.171	51.889	-	51.889
10.3	Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4	Other Provisions		1.853.365	62.042	1.915.407	1.848.998	180.126	2.029.124
XI.	**CURRENT TAX LIABILITY**	**(8)**	**1.646.424**	-	**1.646.424**	**971.818**	-	**971.818**
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)**	-	**9.686.115**	**9.686.115**	-	**6.043.090**	**6.043.090**
14.1	Loans		-	-	-	-	6.043.090	6.043.090
14.2	Other Debt Instruments		-	9.686.115	9.686.115	-	-	-
XV.	**OTHER LIABILITIES**		**602.557**	**2.772.685**	**3.375.242**	**608.848**	**1.986.703**	**2.595.551**
XVI.	**SHAREHOLDERS' EQUITY**		**23.639.293**	**44.091**	**23.683.384**	**21.770.699**	**54.353**	**21.825.052**
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	15.665	-	15.665
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	14.658	-	14.658
16.3	Accumulated Other Comprehensive Income or Loss Not Reclassified Through Profit or Loss		3.541.335	183.708	3.725.043	3.564.791	183.946	3.748.737
16.4	Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss		318.713	(139.617)	179.096	387.135	(129.593)	257.542
16.5	Profit Reserves		14.793.185	-	14.793.185	7.745.308	-	7.745.308
16.5.1	Legal Reserves		664.495	-	664.495	644.594	-	644.594
16.5.2	Status Reserves		75.641	-	75.641	75.641	-	75.641
16.5.3	Extraordinary Reserves		14.050.130	-	14.050.130	7.022.154	-	7.022.154
16.5.4	Other Profit Reserves		2.919	-	2.919	2.919	-	2.919
16.6	Profit Or Loss		1.763.070	-	1.763.070	6.854.098	-	6.854.098
16.6.1	Prior Years' Profit/Loss		(193.779)	-	(193.779)	(110.946)	-	(110.946)
16.6.2	Current Year Profit/Loss		1.956.849	-	1.956.849	6.965.044	-	6.965.044
16.7	Non-Controlling Interests		407.325	-	407.325	403.702	-	403.702
	TOTAL LIABILITIES AND EQUITY		**33.477.188**	**169.123.674**	**202.600.862**	**29.056.944**	**151.856.908**	**180.913.852**

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

TÜRKİYE SINAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET
AS OF MARCH 31, 2024

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

(Convenience translation of publicly announced consolidated interim financial statements and review report originally issued in Turkish, See Note I. of Section three)

				Reviwed Current Period 31 March 2024			Audited Prior Period 31 December 2023	
	OFF-BALANCE SHEET	**Section 5 Note III**	**TL**	**FC**	**Total**	**TL**	**FC**	**Total**
A.	**OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)**		**39.647.139**	**172.991.788**	**212.638.927**	**22.139.270**	**140.351.536**	**162.490.806**
I.	**GUARANTEES AND COLLATERALS**	**(1)**	**2.808.654**	**8.907.408**	**11.716.062**	**2.508.575**	**9.714.268**	**12.222.843**
1.1	Letters of Guarantee		2.001.676	5.684.040	7.685.716	2.378.872	5.722.479	8.101.351
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		2.001.676	5.684.040	7.685.716	2.378.872	5.722.479	8.101.351
1.2	Bank Acceptances		-	225.500	225.500	-	-	-
1.2.1	Import Letter of Acceptance		-	225.500	225.500	-	-	-
1.2.2	Other Bank Acceptance		-	-	-	-	-	-
1.3	Letters of Credit		806.978	2.997.868	3.804.846	129.703	3.991.789	4.121.492
1.3.1	Documantery Letters of Credit		806.978	2.997.868	3.804.846	129.703	3.991.789	4.121.492
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)**	**8.864.645**	**10.093.017**	**18.957.662**	**5.919.274**	**6.563.880**	**12.483.154**
2.1	Irrevocable Commitments		7.632.004	3.606.019	11.238.023	5.412.991	428.175	5.841.166
2.1.1	Forward Asset Purchase and Sale Commitments		72.840	3.387.300	3.460.140	118.180	223.859	342.039
2.1.2	Forward Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3	Share Capital Commitments to Associates and Subsidiaries		-	159.585	159.585	-	168.814	168.814
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		7.559.164	59.134	7.618.298	5.294.811	35.502	5.330.313
2.2	Revocable Commitments		1.232.641	6.486.998	7.719.639	506.283	6.135.705	6.641.988
2.2.1	Revocable Loan Granting Commitments		1.232.641	6.486.998	7.719.639	506.283	6.135.705	6.641.988
2.2.2	Other Revocable Commitments		-	-	-	-	-	-
III.	**DERIVATIVE FINANCIAL INSTRUMENTS**	**(2)**	**27.973.840**	**153.991.363**	**181.965.203**	**13.711.421**	**124.073.388**	**137.784.809**
3.1	Derivative Financial Instruments for Hedging Purposes		-	41.878.762	41.878.762	-	38.788.055	38.788.055
3.1.1	Fair Value Hedge		-	41.878.762	41.878.762	-	38.788.055	38.788.055
3.1.2	Cash Flow Hedge		-	-	-	-	-	-
3.1.3	Hedge of Net Investment in Foreign Operations		-	-	-	-	-	-
3.2	Held for Trading Transactions		27.973.840	112.112.601	140.086.441	13.711.421	85.285.333	98.996.754
3.2.1	Forward Foreign Currency Buy/Sell Transactions		1.489.314	2.208.387	3.697.701	506.702	601.942	1.108.644
3.2.1.1	Forward Foreign Currency Transactions-Buy		1.060.208	824.004	1.884.212	506.702	64.395	571.097
3.2.1.2	Forward Foreign Currency Transactions-Sell		429.106	1.384.383	1.813.489	-	537.547	537.547
3.2.2	Swap Transactions Related to Foreign Currency and Interest Rate		21.101.119	105.035.764	126.136.883	13.204.719	84.683.391	97.888.110
3.2.2.1	Foreign Currency Swap-Buy		2.389.916	30.248.775	32.638.691	4.944	19.862.066	19.867.010
3.2.2.2	Foreign Currency Swap-Sell		18.681.203	14.024.403	32.705.606	13.148.219	6.935.939	20.084.158
3.2.2.3	Interest Rate Swap-Buy		15.000	30.381.293	30.396.293	25.778	28.942.693	28.968.471
3.2.2.4	Interest Rate Swap-Sell		15.000	30.381.293	30.396.293	25.778	28.942.693	28.968.471
3.2.3	Foreign Currency, Interest Rate, and Securities Options		5.382.752	4.867.806	10.250.558	-	-	-
3.2.3.1	Foreign Currency Options-Buy		2.691.376	2.433.903	5.125.279	-	-	-
3.2.3.2	Foreign Currency Options-Sell		2.691.376	2.433.903	5.125.279	-	-	-
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		655	644	1.299	-	-	-
B.	**CUSTODY AND PLEDGES SECURITIES (IV+V+VI)**		**404.051.448**	**2.616.567.456**	**3.020.618.904**	**370.262.312**	**2.352.142.524**	**2.722.404.836**
IV.	**ITEMS HELD IN CUSTODY**		**5.739.750**	**6.103.265**	**11.843.015**	**3.731.818**	**3.967.284**	**7.699.102**
4.1	Customers' Securities Held		-	-	-	-	-	-
4.2	Investment Securities Held in Custody		4.862.957	6.103.265	10.966.222	3.669.388	3.967.284	7.636.672
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		876.793	-	876.793	62.430	-	62.430
V.	**PLEDGES ITEMS**		**384.302.717**	**2.133.185.401**	**2.517.488.118**	**352.794.305**	**1.922.577.278**	**2.275.371.583**
5.1	Marketable Securities		456.249	-	456.249	456.249	-	456.249
5.2	Guarantee Notes		131.614	3.115.645	3.247.259	176.420	3.109.710	3.286.130
5.3	Commodity		-	-	-	-	-	-
5.4	Warranty		-	-	-	-	-	-
5.5	Real Estate		117.765.748	705.128.002	822.893.750	104.370.588	619.660.191	724.030.779
5.6	Other Pledged Items		265.949.106	1.424.941.754	1.690.890.860	247.791.048	1.299.807.377	1.547.598.425
5.7	Pledged Items-Depository		-	-	-	-	-	-
VI.	**ACCEPTED BILL OF EXCHANGE AND COLLATERALS**		**14.008.981**	**477.278.790**	**491.287.771**	**13.736.189**	**425.597.962**	**439.334.151**
	TOTAL OFF BALANCE SHEET ITEMS (A+B)		**443.698.587**	**2.789.559.244**	**3.233.257.831**	**392.401.582**	**2.492.494.060**	**2.884.895.642**

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

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

	STATEMENT OF PROFIT OR LOSS	Note	Reviwed Current Period January 1, 2024 – March 31, 2024	Reviewed Prior Period January 1, 2023 – March 31, 2023
I.	**INTEREST INCOME**	**(1)**	**7.018.865**	**2.972.765**
1.1	Interest on Loans		4.228.442	1.820.603
1.2	Interest Received from Reserve Deposits		27	11
1.3	Interest Received from Banks		30.181	44.572
1.4	Interest Received from Money Market Placements		1.138.673	95.740
1.5	Interest Received from Marketable Securities Portfolio		1.575.417	1.001.164
1.5.1	Fair Value Through Profit or Loss		2.944	333
1.5.2	Fair Value Through other Comprehensive Income		518.877	221.693
1.5.3	Measured at Amortized Cost		1.053.596	779.138
1.6	Finance Lease Income		12.348	5.248
1.7	Other Interest Income		33.777	5.427
II.	**INTEREST EXPENSES (-)**	**(2)**	**3.060.687**	**1.325.222**
2.1	Interest on Deposits		-	-
2.2	Interest on Funds Borrowed		2.078.579	975.100
2.3	Interest on Money Market Borrowings		227.913	76.222
2.4	Interest on Securities Issued		725.327	259.716
2.5	Leasing Interest Expense		3.327	1.130
2.6	Other Interest Expense		25.541	13.054
III.	**NET INTEREST INCOME (I - II)**		**3.958.178**	**1.647.543**
IV.	**NET FEES AND COMMISSIONS INCOME / EXPENSES**		**209.712**	**113.067**
4.1	Fees and Commissions Received		236.244	125.787
4.1.1	Non-cash Loans		46.052	29.509
4.1.2	Other		190.192	96.278
4.2	Fees and Commissions Paid (-)		26.532	12.720
4.2.1	Non-cash Loans		7.249	4.827
4.2.2	Other		19.283	7.893
V.	**DIVIDEND INCOME**	**(3)**	**-**	**11.827**
VI.	**NET TRADING INCOME**	**(4)**	**(747.403)**	**121.077**
6.1	Securities Trading Gains / (Losses)		16.133	(16.365)
6.2	Derivative Financial Instruments Gains / Losses		735.379	(30.200)
6.3	Foreign Exchange Gains / Losses (Net)		(1.498.915)	167.642
VII.	**OTHER OPERATING INCOME**	**(5)**	**204.060**	**314.148**
VIII.	**GROSS OPERATING INCOME (III+IV+V+VI+VII)**		**3.624.547**	**2.207.662**
IX.	**EXPECTED CREDIT LOSSES (-)**	**(6)**	**434.635**	**67.275**
X.	**OTHER PROVISION EXPENSES (-)**	**(6)**	**-**	**50.000**
XI.	**PERSONNEL EXPENSES (-)**		**417.053**	**185.674**
XII.	**OTHER OPERATING EXPENSES (-)**	**(7)**	**334.733**	**195.928**
XIII.	**NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)**		**2.438.126**	**1.708.785**
XIV.	**AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER**		-	-
XV.	**PROFIT / (LOSS) ON EQUITY METHOD**		**236.557**	**138.096**
XVI.	**GAIN / (LOSS) ON NET MONETARY POSITION**		-	-
XVII.	**PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XIII+...+XVI)**		**2.674.683**	**1.846.881**
XVIII.	**TAX PROVISION FOR CONTINUED OPERATIONS (±)**	**(8)**	**713.470**	**433.022**
18.1	Provision for Current Income Taxes		621.123	625.397
18.2	Deferred Tax Income Effect (+)		347.692	252.680
18.3	Deferred Tax Expense Effect (-)		255.345	445.055
XIX.	**NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XVI±XVII)**	**(10)**	**1.961.213**	**1.413.859**
XX.	**INCOME ON DISCONTINUED OPERATIONS**		-	-
20.1	Income on Assets Held for Sale		-	-
20.2	Income on Sale of Associates, Subsidiaries and JointlyControlled Entities (Joint Venture)		-	-
20.3	Income on Other Discontinued Operations		-	-
XXI.	**LOSS FROM DISCONTINUED OPERATIONS (-)**		-	-
21.1	Loss from Assets Held for Sale		-	-
21.2	Loss on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Venture)		-	-
21.3	Loss from Other Discontinued Operations		-	-
XXII.	**PROFIT / (LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XX-XXI)**		-	-
XXIII.	**TAX PROVISION FOR DISCONTINUED OPERATIONS (±)**		-	-
23.1	Provision for Current Income Taxes		-	-
23.2	Deferred Tax Expense Effect (+)		-	-
23.3	Deferred Tax Income Effect (-)		-	-
XXIV.	**NET PROFIT/LOSS FROM DISCONTINUEDOPERATIONS (XXII±XXIII)**		-	-
XXV.	**NET PROFIT/LOSS (XIX+XXIV)**	**(11)**	**1.961.213**	**1.413.859**
25.1	Group's Profit / Loss		1.956.849	1.411.669
25.2	Minority Shares (-)		4.364	2.190
	Earning / (loss) per share		0,699	0,504

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

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

	PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	**Reviwed Current Period 1 January 2024 – 31 March 2024**	**Reviewed Prior Period 1 January 2023– 31 March 2023**
I.	**CURRENT PERIOD INCOME / LOSS**	**1.961.213**	**1.413.859**
II.	**OTHER COMPREHENSIVE INCOME**	**(102.140)**	**(148.557)**
2.1	**Not Reclassified Through Profit or Loss**	**(23.694)**	**323.463**
2.1.1	Property and Equipment Revaluation Increase / Decrease	-	-
2.1.2	Intangible Assets Revaluation Increase / Decrease	-	-
2.1.3	Defined Benefit Pension Plan Remeasurement Gain / Loss	(46.575)	-
2.1.4	Other Comprehensive Income Items Not Reclassified Through Profit or Loss	6.498	323.463
2.1.5	Tax Related Other Comprehensive Income Items Not Reclassified Through Profit or Loss	16.383	-
2.2	**Reclassified Through Profit or Loss**	**(78.446)**	**(472.020)**
2.2.1	Foreign Currency Translation Differences	40.188	15.207
2.2.2	Valuation and / or Reclassification Income / Expense of the Financial Assets at Fair Value Through Other Comprehensive Income	(168.312)	(121.467)
2.2.3	Cash Flow Hedge Income / Loss	-	-
2.2.4	Income (Loss) Related with Hedges of Net Investments in Foreign Operations	-	-
2.2.5	Other Comprehensive Income Items Reclassified Through Profit or Losses	-	(395.534)
2.2.6	Tax Related Other Comprehensive Income Items Reclassified Through Profit or Loss	49.678	29.774
III.	**TOTAL COMPREHENSIVE INCOME (I+II)**	**1.859.073**	**1.265.302**

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

TÜRKİYE SINAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE THREE-MONTH PERIOD THEN ENDED MARCH 31, 2024

(Amounts are expressed in thousands of Turkish Lira (TL) unless otherwise stated.)
(Convenience translation of publicly announced consolidated interim financial statements and review report originally issued in Turkish, See Note I. of Section three)

							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
	Prior Period – 31 March 2023		**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**
I.	**Balance at Beginning of the Period**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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		**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**
III.	**Adjusted Beginning Balance (I+II)**		-	-	-	-	-	-	**323.463**	**15.207**	**(91.693)**	**(395.534)**	-	-	**1.411.669**	**1.263.112**	**2.190**	**1.265.302**
IV.	**Total Comprehensive Income**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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**		-	-	-	-	-	-	-	-	-	-	-	**74**	-	**74**	**(61)**	**13**
X.	**Increase/Decrease by Other Changes**		-	-	-	**14.284**	-	-	-	-	-	-	**4.042.386**	**(4.056.742)**	-	**(72)**	-	**(72)**
XI.	**Profit Distribution**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.1	Dividends Distributed		-	-	-	-	-	-	-	-	-	-	3.897.098	(3.897.170)	-	(72)	-	(72)
11.2	Transfers to Reserves		-	-	-	14.284	-	-	-	-	-	-	145.288	(159.572)	-	-	-	-
11.3	Other																	
	Period-End Balance (III+IV+…...+X+XI)		**2.800.000**	**1.007**	**-**	**14.658**	**1.140.841**	**(963)**	**497.080**	**188.606**	**349.826**	**(1)**	**7.745.309**	**(110.945)**	**1.411.669**	**14.037.087**	**220.612**	**14.257.699**

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 SINAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE THREE-MONTH PERIOD THEN ENDED MARCH 31, 2024

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

(Convenience translation of publicly announced consolidated interim financial statements and review report originally issued in Turkish, See Note I. of Section three)

							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 – 31 March 2024																	
I.	**Balance at Beginning of the Period**		**2.800.000**	**1.007**	**-**	**14.658**	**2.071.477**	**1.270**	**1.675.990**	**385.534**	**(127.992)**	**-**	**7.745.308**	**6.854.098**	**-**	**21.421.350**	**403.702**	**21.825.052**
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**	**-**	**14.658**	**2.071.477**	**1.270**	**1.675.990**	**385.534**	**(127.992)**	**-**	**7.745.308**	**6.854.098**	**-**	**21.421.350**	**403.702**	**21.825.052**
IV.	**Total Comprehensive Income**		**-**	**-**	**-**	**-**	**2.410**	**(32.602)**	**6.498**	**40.188**	**(118.634)**	**-**	**-**	**-**	**1.956.849**	**1.854.709**	**4.364**	**1.859.073**
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**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(179)**	**(179)**
XI.	**Profit Distribution**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**7.047.877**	**(7.047.877)**	**-**	**-**	**(562)**	**(562)**
11.1	Dividends Distributed		-	-	-	-	-	-	-	-	-	-	-	-	-	-	(844)	(844)
11.2	Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	6.050.877	(6.050.877)	-	-	282	282
11.3	Other		-	-	-	-	-	-	-	-	-	-	997.000	(997.000)	-	-	-	-
	Period-End Balance (III+IV+…...+X+XI)		**2.800.000**	**1.007**	**-**	**14.658**	**2.073.887**	**(31.332)**	**1.682.488**	**425.722**	**(246.626)**	**-**	**14.793.185**	**(193.779)**	**1.956.849**	**23.276.059**	**407.325**	**23.683.384**

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.

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

		Note	Reviewed Current Period 31 March 2024	Reviewed Prior Period 31 March 2023
A.	**CASH FLOWS FROM BANKING OPERATIONS**			
1.1	**Operating Profit Before Changes in Operating Assets and Liabilities**		**(376.426)**	**67.483**
1.1.1	Interest Received		5.056.458	2.087.549
1.1.2	Interest Paid		(2.781.146)	(1.413.353)
1.1.3	Dividends Received		-	11.827
1.1.4	Fees and Commissions Received		236.244	125.787
1.1.5	Other Income		21.870	35.551
1.1.6	Collections from Previously Written off Loans		17.122	101.711
1.1.7	Payments to Personnel and Service Suppliers		(656.448)	(284.472)
1.1.8	Taxes Paid		(2.151.105)	(998.416)
1.1.9	Others		(119.421)	401.299
1.2	**Changes in Operating Assets and Liabilities**		**(786.817)**	**(782.536)**
1.2.1	Net (Increase) (Decrease) in Financial Assets at Fair Value through Profit or Loss		(100.602)	127.207
1.2.2	Net (Increase) (Decrease) in Due from Banks		-	-
1.2.3	Net (Increase) (Decrease) in Loans		(3.573.441)	(1.051.873)
1.2.4	Net (Increase) (Decrease) in Other Assets		(1.746.769)	80.910
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		(1.880.469)	(1.872.870)
1.2.9	Net (Increase) (Decrease) in Matured Payable		-	-
1.2.10	Net (Increase) (Decrease) in Other Liabilities		6.514.464	1.934.090
I.	**Net Cash Provided by / (used in) Banking Operations**		**(1.163.243)**	**(715.053)**
B.	**CASH FLOWS FROM INVESTING ACTIVITIES**			
II.	**Net Cash Provided by / (used in) Investing Activities**		**(3.759.461)**	**3.156.441**
2.1	Cash Paid for Purchase of Entities under Common Control, Associates and Subsidiaries		-	-
2.2	Cash Obtained from Sale of Entities under Common Control, Associates and Subsidiaries		-	-
2.3	Purchases of Property and Equipment		(31.910)	(55.506)
2.4	Disposals of Property and Equipment		30	537
2.5	Purchase of Financial Assets at Fair Value through Other Comprehensive Income		(2.621.629)	382.121
2.6	Sale of Financial Assets at Fair Value through Other Comprehensive Income		42.629	3.001.447
2.7	Purchase of Financial Assets Measured at Amortized Cost		(1.154.780)	(164.815)
2.8	Sale of Financial Assets Measured at Amortized Cost		8.177	120
2.9	Others		(1.978)	(7.463)
C.	**CASH FLOWS FROM FINANCING ACTIVITIES**			
III.	**Net Cash Provided by / (used in) Financing Activities**		**4.386.655**	**(6.386.388)**
3.1	Cash Obtained From Funds Borrowed and Securities Issued		11.519.071	319.415
3.2	Cash Used for Repayment of Funds Borrowed and Securities Issued		(7.042.453)	(6.667.416)
3.3	Capital Increase		-	-
3.4	Dividends Paid		(844)	-
3.5	Payments for Financial Leases		(89.119)	(39.804)
3.6	Other		-	1.417
IV.	**Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents**		**69.145**	**17.694**
V.	**Net Increase in Cash and Cash Equivalents**		**(466.904)**	**(3.927.306)**
VI.	**Cash and Cash Equivalents at Beginning of the Period**		**12.458.035**	**7.641.294**
VII.	**Cash and Cash Equivalents at End of the Period**		**11.991.131**	**3.713.988**

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

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 2024 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").

According to TAS 29 "Financial Reporting in High-Inflation Economies" Standard, businesses whose functional currency is the currency of a high-inflation economy report their financial statements according to the purchasing power of money at the end of the reporting period. Based on the statement made by the Public Oversight Accounting and Auditing Standards Authority (POA) on 23 November 2023, the financial statements of the enterprises that apply Turkish Financial Reporting Standards (TFRS) for the annual reporting period ending on or after 31 December 2023 are subject to "TAS 29 High Inflationary Reporting Standards". It must be presented in accordance with the accounting principles in "Financial Reporting in Economies" and adjusted for the effect of inflation. In the same statement, it was stated that institutions or organizations authorized to regulate and supervise their own fields may determine different transition dates for the implementation of inflation accounting. In this context, the Banking Regulation and Supervision Agency (BRSA); In accordance with the Board decision dated December 12, 2023; It has been announced that the financial statements of banks, financial leasing, factoring, financing, savings financing and asset management companies will not be subject to inflation adjustment. Within the scope of BRSA's Decision No. 10825 dated January 11, 2024; It has been decided that banks, financial leasing, factoring, financing, savings financing and asset management companies will switch to inflation accounting as of January 1, 2025.

Based on this, "TAS 29 Financial Reporting Standard in High Inflation Economies" was not applied in the consolidated financial statements of the Parent Bank dated 31 March 2024.

Additional paragraph for convenience translation into English:

BRSA Accounting and Financial Reporting Legislation, as described in the preceding paragraphs, differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board including the application of IAS 29 -Financial Reporting in Hyperinflationary Economies as of March 31, 2024 and the differences between accounting principles have not been quantified in the accompanying consolidated financial statements. Accordingly, the accompanying consolidated financial statements are not intended to present fairly the consolidated financial position, results of operations, changes in equity and cash flows of the Bank in accordance with IFRS.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

I. Basis of presentation (Continued)

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, 2024, 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.

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.

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 indebtness securities portfolio have the attribute of eliminating the risks of interest rate volatility.

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

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.

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%.

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.

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. Financial assets held within the scope of this business model are measured at amortized cost if the contractual terms of the financial asset pass the cash flow test, which includes only principal and interest payments arising from the principal balance on certain dates.

- 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.

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 assesed 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.

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 irrecovable 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 (internal efficiency) 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.

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.

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 (“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.

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.

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.

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.

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.

Resturected 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.

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 circumtances 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 inthe sale process is due to the events and circumtances occured beyond the control of the entity or the entry remains commited 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.

(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 (Continued)

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.

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 ease 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.

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.

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.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XVII. Explanations on liabilities regarding employee benefits (Continued)

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

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

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

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XVII. Explanations on liabilities regarding employee benefits (continued)

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

XVIII. Explanations on taxation

Corporation 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 March 31, 2024, 30% was used as the tax rate in the calculations of the period tax

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

However, with the "Law on Amendments to the Tax Procedure Law and the Corporate Tax Law" numbered 7352, published in the Official Gazette numbered 31734 dated January 29, 2022, provisional article 33 was added to the Tax Procedure Law numbered 213, including provisional tax periods. Financial statements will not be subject to inflation correction, regardless of whether the conditions for inflation adjustment within the scope of Article 298 are met for the 2021 and 2022 accounting periods (as of the accounting periods ending in 2022 and 2023 for those assigned a special accounting period) and the 2023 accounting period provisional tax periods, regardless of whether the conditions for inflation adjustment within the scope of Article 298 are met, and It has become law that the financial statements dated 2023 will be subject to inflation adjustment regardless of whether the conditions for inflation adjustment are met or not, and the profit/loss differences arising from the inflation adjustment will be shown in the previous years' profit/loss account. According to the 17th article of the Law No. 7491 on Amendments to Certain Laws and Decree Laws published in the Official Gazette No. 32413 dated 28 December 2023, banks are companies within the scope of the Financial Leasing, Factoring, Financing and Savings Finance Companies Law No. 6361 dated 21 November 2012.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XVIII. Explanations on taxation (continued)

Profit/loss differences resulting from inflation adjustments to be made by payment and electronic money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies in the 2024 and 2025 accounting periods, including provisional tax periods, are taken into account in determining the earnings. It has become law that it will not be taken. The President is authorized to extend the periods determined within the scope of this paragraph by one accounting period, including provisional tax periods.

With the Communiqué on Amendments to the Tax Procedure Law General Communiqué numbered 547 (sequence number 537), published in the Official Gazette numbered 32073 dated January 14, 2023, the procedures and principles of the articles of law allowing the revaluation of immovable properties and depreciable economic assets have been rearranged. Accordingly, the Bank has revalued some of its assets in its balance sheet until September 30, 2023, provided that the conditions set forth in the Provisional Article 32 of the Tax Procedure Law and the Duplicate Article 298/ç are met. Since the financial statements were subject to inflation adjustment as of December 31, 2023, no revaluation was applied as of December 31, 2023. Corporate tax is calculated by taking into account the depreciation allocated on the revalued values of the assets revalued in this context until September 30, 2023.

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

According to the temporary article 33 of the Tax Procedural Law, in the financial statements dated December 31, 2023, the tax effects arising from the inflation adjustment of corporate taxes are included in the deferred tax calculation as of December 31, 2023.

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.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XVIII. Explanations on taxation (continued)

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, 2024, 5% of the net profit for 2023 was allocated as a legal reserve, TL 997.000 was allocated to a special fund for the purpose of receiving venture capital investment funds, and the remaining portion was allocated as an extraordinary reserve fund.

In accordance with the decision taken at the Ordinary General Assembly meeting held on March 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.

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.

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

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	1.492.927	2.291.050	174.201	3.958.178
Net Fees and Commission Income	46.112	75.006	88.594	209.712
Other Income	106.379	-	334.238	440.617
Other Expense	(461.354)	(849.518)	(622.952)	(1.933.824)
Profit Before Tax	1.184.064	1.516.538	(25.919)	2.674.683
Tax Provision				(713.470)
Net Profit				**1.961.213**
Group's profit / loss				1.956.849
Minority share profit / loss				4.364
Current Period	**Corporate Banking**	**Investment Banking**	**Other**	**Total**
Segment Assets	135.705.607	51.941.230	11.799.780	199.446.617
Investment in Associates and Subsidiaries	-	-	3.154.245	3.154.245
Total Assets	**135.705.607**	**51.941.230**	**14.954.025**	**202.600.862**
Segment Liabilities	160.564.301	5.686.097	12.667.080	178.917.478
Shareholders' Equity	-	-	23.683.384	23.683.384
Total Liabilities	**160.564.301**	**5.686.097**	**36.350.464**	**202.600.862**

Prior Period	Corporate Banking	Investment Banking	Other	Total
Net Interest Income	785.578	783.295	78.670	1.647.543
Net Fees and Commission Income	28.084	35.077	49.906	113.067
Other Income	94.498	117.757	372.893	585.148
Other Expense	(96.621)	(23.586)	(378.670)	(498.877)
Profit Before Tax	811.539	912.543	122.799	1.846.881
Tax Provision				(433.022)
Net Profit				**1.413.859**
Group's profit / loss				1.411.669
Minority share profit / loss				2.190
Prior Period	**Corporate Banking**	**Investment Banking**	**Other**	**Total**
Segment Assets	121.922.873	44.875.480	11.175.591	177.973.944
Investment in Associates and Subsidiaries	-	-	2.939.908	2.939.908
Total Assets	**121.922.873**	**44.875.480**	**14.115.499**	**180.913.852**
Segment Liabilities	145.121.291	2.481.059	11.486.450	159.088.800
Shareholders' Equity	-	-	21.825.052	21.825.052
Total Liabilities	**145.121.291**	**2.481.059**	**33.311.502**	**180.913.852**

(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 March 31, 2024 is 22,64% (December 31, 2023: 25,96%).

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 30 December 2022 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 26 June 2023.
In addition, with the Board Decision of the same date and number, among the securities owned by banks, in case the net valuation differences of the securities in the "Securities with Fair Value Differences Reflected in Other Comprehensive Income" portfolio are negative as of January 1, 2024, these differences will be determined as of September 5, 2013 and The opportunity to not be taken into account in the equity amount to be calculated and used for the capital adequacy ratio in accordance with the Regulation on Equity of Banks published in the Official Gazette No. 28756, and the application of the existing provisions of the said Regulation for "Securities whose Fair Value Difference is Reflected in Other Comprehensive Income" acquired after January 1, 2024 It was decided to continue.

	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	14.793.185	7.745.308
Other comprehensive income according to TAS	4.394.509	4.357.068
Profit	1.763.070	6.854.098
Current Period Profit	1.956.849	6.965.044
Prior Period Profit	(193.779)	(110.946)
Bonus shares from associates, subsidiaries and joint-ventures not accounted in current period's profit	-	-
Minority shareholder	407.325	403.702
Core Equity Tier 1 Capital Before Deductions	**24.159.470**	**22.161.557**
Deductions from Core Equity Tier 1 Capital		
Valuation adjustments calculated as per the 1st 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	276.760	233.889
Leasehold improvements on operational leases	7.942	6.744
Goodwill (net of related tax liability)	1.005	1.005
Other intangible assets other than mortgage-servicing rights (net of related tax liability)	6.256	7.113
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	819.703	786.083
The portion of mortgage servicing rights exceeding 10% of the Tier I capital	-	-

(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)

The portion of deferred tax assets based on temporary differences exceeding 10% of the Tier I capital	-	-
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	-	-
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 1 Capital	**1.111.666**	**1.034.834**
Core Equity Tier I Capital	**23.047.804**	**21.126.723**
ADDITIONAL TIER I CAPITAL		
Preferred stock not ıncluded in core equity and related share premiums	-	-
Debt instruments and the related issuance premiums defined by the BRSA	9.660.900	5.871.100
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	**9.660.900**	**5.871.100**
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	**9.660.900**	**5.871.100**
Total Tier I Capital (Tier I Capital=Core Equity Tier I Capital+Additional Tier I Capital)	**32.708.704**	**26.997.823**
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)	1.663.587	1.222.464
Shares of Third Parties in Tier II Capital	-	-
Shares of Third Parties in Tier II Capital (Temporary Article 3)	-	-
Tier II Capital Before Deductions	**1.663.587**	**1.222.464**
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.	-	-

(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	**1.663.587**	**1.222.464**
Total Capital (The sum of Tier I Capital and Tier II Capital)	**34.372.291**	**28.220.287**
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)	**34.372.291**	**28.220.287**
Total Risk Weighted Assets	151.841.727	108.714.184
CAPITAL ADEQUACY RATIOS		
Consolidated Core Capital Adequacy Ratio (%)	15,18	19,43
Consolidated Tier I Capital Adequacy Ratio (%)	21,54	24,83
Consolidated Capital Adequacy Ratio (%)	22,64	25,96
BUFFERS		
Total buffer requirement (a+b+c)	2,505	2.504
Capital conservation buffer requirement (%)	2,500	2.500
Bank specific counter-cyclical buffer requirement (%)	0,005	0,004
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	10,68	14,93
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	2.346.018	2.150.910
Remaining mortgage servicing rights	-	-
Excess amount arising from deferred tax assets from temporary differences	-	-

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)	5.577.820	5.312.170
Up to 1,25% of total risk-weighted amount of general reserves for receivables where the standard approach used	1.663.587	1.222.464
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 temprorary Article 4	-	-
Amounts Excess the Limits of Additional Tier I Capital subjected to temprorary Article 4	-	-
Upper limit for Additional Tier II Capital subjected to temprorary Article 4	-	-
Amounts Excess the Limits of Additional Tier II Capital subjected to temprorary 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.

(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 / semiannualy 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 incompliances with article number 7 and 8 of "Own fund regulation"	It has the conditions set forth in Article 7. It does not meet the conditions stated in Article 8.

(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.

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". Foreign currency risk, as a part of general market risk, is also taken into consideration in the calculation of Capital Adequacy Standard Ratio.

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"		
March 31, 2023	32,2030	34,6923
Prior Five Workdays:		
March 29, 2023	32,2030	34,6923
March 28, 2023	32,1485	34,7943
March 27, 2023	32,0490	34,6963
March 26, 2023	32,0101	34,7022
March 25, 2023	31,8800	34,4814

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 31,8664 and 34,6174 in full TL, respectively.

(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	569.880	3.387.565	-	3.957.445
Banks (8)	199.716	1.527.502	76.954	1.804.172
Financial Assets at Fair Value Through Profit or Loss (1)	311.162	817.136	2.338	1.130.636
Money Market Placements	-	-	-	-
Financial Assets at Fair Value through Other Comprehensive Income	2.397.760	4.066.094	-	6.463.854
Loans (2)	57.748.753	71.049.529	-	128.798.282
Subsidiaries, Associates and Entities Under Common Control (Joint Vent.)	-	-	-	-
Financial Assets Measured at Amortized Cost (3)	925.798	11.101.037	-	12.026.835
Derivative Financial Assets for Hedging Purposes (4)	-	141.296	-	141.296
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets (5)	5.806	481.077	7.412	494.295
Total Assets	**62.158.875**	**92.571.236**	**86.704**	**154.816.815**
Liabilities				
Bank Deposits	-	-	-	-
Foreign Currency Deposits	-	-	-	-
Money Market Borrowings	492.700	3.461.973	-	3.954.673
Funds Provided From Other Financial Institutions	36.845.987	77.033.685	-	113.879.672
Marketable Securities Issued	-	45.982.589	-	45.982.589
Miscellaneous Payables	525.037	1.807.010	434.461	2.766.508
Derivative Financial Liabilities for Hedging Purposes (4)	-	149.126	-	149.126
Other Liabilities (6)	1.153.644	974.880	2.268	2.130.792
Total Liabilities	**39.017.368**	**129.409.263**	**436.729**	**168.863.360**
Net Balance Sheet Position	**23.141.507**	**(36.838.027)**	**(350.025)**	**(14.046.545)**
Net Off-Balance Sheet Position	**(21.811.885)**	**37.433.008**	**358.811**	**15.979.934**
Financial Derivative Assets	2.960.667	43.807.820	1.451.908	48.220.395
Financial Derivative Liabilities	(24.772.552)	(6.374.812)	(1.093.097)	(32.240.461)
Non-Cash Loans (7)	5.395.115	3.512.293	-	8.907.408
Prior Period				
Total Assets	**53.521.525**	**86.846.237**	**26.484**	**140.394.246**
Total Liabilities	**36.308.879**	**115.295.068**	**19.773**	**151.623.720**
Net Balance Sheet Position	**17.212.646**	**(28.448.831)**	**6.711**	**(11.229.474)**
Net Off –Balance Sheet Position	**(16.318.968)**	**28.590.448**	**630**	**12.272.110**
Financial Derivative Assets	1.783.110	30.780.011	626.441	33.189.562
Financial Derivative Liabilities	(18.102.078)	(2.189.563)	(625.811)	(20.917.452)
Non-Cash Loans (7)	3.145.030	2.672.285	-	5.817.315

(1) Exchange difference accruals from derivative financial transactions amounting to TL 245.616 have been deducted from "Financial Assets at Fair Value Reflected in Profit or Loss".
(2) Loans given include foreign currency indexed loans amounting to 1.242.301 TL, Financial Lease Receivables amounting to 434.852 TL, Non-Performing Receivables amounting to 1.014 TL and (1.014) TL Default (Third Stage/Special Provision), (4.511.647) TL 1st and 2nd Stage 1 includes expected loss provisions (including foreign currency indexed loans).
(3) (29.358) TL includes the 1st stage expected loss provision amount.
(4) Derivative Financial Assets for Hedging Purposes, in the "Derivative Financial Assets" line in the financial statement; Derivative Financial Liabilities for Hedging Purposes are included in the "Derivative Financial Liabilities" line in the financial statement. The exchange rate difference accrual of TL 307.095 was not taken into account in the "Derivative Financial Assets for Hedging Purposes" line.
(5) It does not include prepaid expenses amounting to 30.720 TL and value-dated foreign exchange purchase commitment accruals amounting to 2.046 TL.
(6) Derivative financial transactions exchange rate difference accruals amounting to 214.295 TL and value-dated foreign exchange sales commitment accruals amounting to 1.928 TL are not included in the "Other Liabilities" line.
(7) It has no effect on the net off-balance sheet position.
(8) (6.793) TL includes the 1st stage expected loss provision amount.

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.

(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	-	-	-	-	-	3.958.010	3.958.010
Banks	1.178.498	403.557	-	-	-	781.406	2.363.461
Financial Assets at Fair Value Through Profit and Loss (3)	860.566	575.369	-	17.021	1.003.838	499.441	2.956.235
Money Market Placements	5.401.409	1.751.514	-	-	3.087.370	-	10.240.293
Financial Assets at Fair Value Through Other Comprehensive Income	1.898.405	220.564	-	-	9.918.669	990.693	13.028.331
Loans	38.242.038	41.281.593	1.149.176	303.352	61.952.803	-	142.928.962
Financial Assets Measured at Amortized Cost	45.709	5.279.422	-	-	16.426.693	-	21.751.824
Other Assets (2)	-	-	-	-	-	5.373.746	5.373.746
Total Assets	**47.626.625**	**49.512.019**	**1.149.176**	**320.373**	**92.389.373**	**11.603.296**	**202.600.862**
Liabilities							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Money Market Borrowings	6.645.739	658.125	-	-	329	-	7.304.193
Miscellaneous Payables	-	-	-	-	-	3.028.160	3.028.160
Marketable Securities Issued (4)	772.970	1.979.362	-	-	43.737.149	911.889	47.401.370
Funds Provided from Other Financial Institutions	37.259.839	25.835.351	-	-	51.486.522	-	114.581.712
Other Liabilities	355.690	326.644	36.934	186.935	682.377	28.696.847	30.285.427
Total Liabilities	**45.034.238**	**28.799.482**	**36.934**	**186.935**	**95.906.377**	**32.636.896**	**202.600.862**
Balance Sheet Long Position	**2.592.387**	**20.712.537**	**1.112.242**	**133.438**	**-**	**-**	**24.550.604**
Balance Sheet Short Position	**-**	**-**	**-**	**-**	**(3.517.004)**	**(21.033.600)**	**(24.550.604)**
Off-Balance Sheet Long Position	-	731.915	-	-	8.811.407	-	9.543.322
Off-Balance Sheet Short Position	(9.231.702)	-	-	-	-	-	(9.231.702)
Total Position	**(6.639.315)**	**21.444.452**	**1.112.242**	**133.438**	**5.294.403**	**(21.033.600)**	**311.620**

(1) Amounts in investments in associates and subsidiaries, deferred tax asset, tangible and intangible assets, other assets, other miscellenous 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.

(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)	-	-	-	-	-	2.942.825	2.942.825
Banks(2)	4.486.143	60.572	-	-	-	714.542	5.261.257
Financial Assets at Fair Value Through Profit and Loss (3)	1.462.194	22.819	54.469	392.991	3.235	408.347	2.344.055
Money Market Placements(2)	7.125.928	114.559	183.901	-	-	-	7.424.388
Financial Assets at Fair Value Through Other Comprehensive Income(2)	1.607.642	38.106	1.529.624	3.855.381	1.818.599	916.986	9.766.338
Loan(2)	60.742.033	16.627.330	28.650.600	17.184.879	5.384.649	-	128.589.491
Financial Assets Measured at Amortized Cost (2)	8.392.539	-	-	7.861.133	2.640.440	-	18.894.112
Other Assets(2)	-	-	-	-	-	5.691.386	5.691.386
Total Assets	**83.816.479**	**16.863.386**	**30.418.594**	**29.294.384**	**9.846.923**	**10.674.086**	**180.913.852**
Liabilities							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Money Market Borrowings	3.101.899	625.981	-	-	-	-	3.727.880
Miscellaneous Payables	-	-	-	-	-	2.201.367	2.201.367
Marketable Securities Issued	737.516	518.664	639.421	30.744.818	-	1.508.031	34.148.450
Funds Provided from Other Financial Institutions (4)	66.357.642	12.873.858	21.187.698	11.493.912	981.090	-	112.894.200
Other Liabilities	968.100	27.441	101.978	221.482	-	26.622.954	27.941.955
Total Liabilities	**71.165.157**	**14.045.944**	**21.929.097**	**42.460.212**	**981.090**	**30.332.352**	**180.913.852**
Balance Sheet Long Position	**12.651.322**	**2.817.442**	**8.489.497**	**-**	**8.865.833**	**-**	**32.824.094**
Balance Sheet Short Position	**-**	**-**	**-**	**(13.165.828)**	**-**	**(19.658.266)**	**(32.824.094)**
Off-Balance Sheet Long Position	-	-	-	8.938.975	415.732	-	9.354.707
Off-Balance Sheet Short Position	(4.489.815)	(235.935)	(4.875.812)	-	-	-	(9.601.562)
Total Position	**8.161.507**	**2.581.507**	**3.613.685**	**(4.226.853)**	**9.281.565**	**(19.658.266)**	**(246.855)**

(1) Amounts in investments in associates and subsidiaries, deferred tax asset, tangible and intangible assets, other assets, other miscellenous 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.

(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	-	3,54	-	55,66
Financial Assets at Fair Value Through Profit and Loss	-	-	-	40,72
Money Market Placements	-	-	-	48,98
Available-for-Sale Financial Assets	4,57	6,59	-	43,67
Loans	8,36	9,89	-	53,29
Financial Assets Measured at Amortized Cost	5,84	8,11	-	34,32
Liabilities				
Bank Deposits	-	-	-	-
Other Deposits	-	-	-	-
Money Market Borrowings	0,33	4,72	-	50,33
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued (1)	-	5,62	-	47,25
Borrower Funds	0,25	0,50	-	43,00
Funds Provided From Other Financial Institutions (1)	4,70	6,33	-	52,50

(1) It also includes issued bonds having the nature of secondary subordinated loans, which are classified under subordinated loans in the balance sheet.

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

(1) It also includes additional subordinated loans classified under subordinated loans in the balance sheet.

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	**2.436.782**	-	**2.534.590**
Quoted	2.436.782	-	2.534.590

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

(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	Realized Revenues and Losses in Period	Revaluation Value Increases		Unrealized Gains and Losses		
Portfolio		Total	Included in Core Capital	Total	Included in Core Capital	Included in Supplementary Capital
Private Equity Investments	-	-	-	-	-	-
Share Certificates Quoted on a Stock Exchange	-	644.078	644.078	-	-	-
Other Share Certificates	-	858.264	858.264	-	-	-
Total	**-**	**1.502.342**	**1.502.342**	**-**	**-**	**-**

Prior Period	Realized Revenues and Losses in Period	Revaluation Value Increases		Unrealized Gains and Losses		
Portfolio		Total	Included in Core Capital	Total	Included in Core Capital	Included in Supplementary Capital
Private Equity Investments	-	-	-	-	-	-
Share Certificates Quoted on a Stock Exchange	-	641.020	641.020	-	-	-
Other Share Certificates	-	813.401	813.401	-	-	-
Total	**-**	**1.454.421**	**1.454.421**	**-**	**-**	**-**

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.

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 it's liquidity requirement that are selling liquid assets off, increasing short term borrowing, decreasing illiquid assets, increasing capital.

(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
31/01/2024	551	546	183	313
29/02/2024	446	426	234	351
31/03/2024	379	374	376	410

		Rate of "Percentage to be taken into account" not Implemented Total value		Rate of "Percentage to be taken into account" Implemented Total value	
Current Period		**TL+FC**	**FC**	**TL+FC**	**FC**
HIGH QUALITY LIQUID ASSETS (HQLA)					
1	High quality liquid assets			17.195.557	10.855.867
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	13.166.061	8.954.968	11.400.632	7.286.447
6	Operational deposits	1.312.286	1.222.722	328.071	305.680
7	Non-Operational Deposits	-	-	-	-
8	Other Unsecured Funding	11.853.775	7.732.246	11.072.561	6.980.767
9	Secured funding			-	-
10	Other Cash Outflows	588.404	1.299.174	588.404	1.299.174
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	398.874	1.109.644	398.874	1.109.644
12	Debts related to the structured financial products	-	-	-	-
13	Commitment related to debts to financial markets and other off balance sheet liabilities	189.530	189.530	189.530	189.530
14	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	-	-	-	-
15	Other irrevocable or conditionally revocable commitments	22.177.643	15.300.177	3.374.016	1.600.763
16	**TOTAL CASH OUTFLOWS**			**15.363.052**	**10.186.384**
CASH INFLOWS					
17	Secured Lending Transactions	9.519	-	-	-
18	Unsecured Lending Transactions	19.987.618	10.434.071	15.973.830	7.376.390
19	Other contractual cash inflows	339.094	5.325.367	339.094	5.325.367
20	**TOTAL CASH INFLOWS**	**20.336.231**	**15.759.438**	**16.312.924**	**12.701.757**
				Upper Limit Applied Amounts	
21	**TOTAL HQLA STOCK**			**17.195.557**	**10.855.867**
22	**TOTAL NET CASH OUTFLOWS**			**3.840.763**	**2.546.596**
23	**Liquidity Coverage Ratio (%)**			**448**	**426**

(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):

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

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 65%, and the share of resources provided by securities and syndication loans issued within the scope of bank resources diversification activities in total borrowing is 31%. 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.

(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	-	3.958.010	-	-	-	-	-	3.958.010
Banks	781.406	1.258.207	323.848	-	-	-	-	2.363.461
Financial Assets at Fair Value Through Profit and Loss (3)	206.800	966.216	575.369	-	17.021	898.188	292.641	2.956.235
Money Market Placements	-	5.401.409	1.751.514	-	-	3.087.370	-	10.240.293
Financial Assets at Fair Value Through Other Comprehensive Income	-	430.496	-	-	-	11.607.142	990.693	13.028.331
Loans	-	9.539.986	11.313.391	719.772	303.351	121.052.462	-	142.928.962
Financial Assets Measured at Amortized Cost	-	-	643.090	-	-	21.108.734	-	21.751.824
Other Assets(2)	467.064	-	-	-	1.026.060	-	3.880.622	5.373.746
Total Assets	**1.455.270**	**21.554.324**	**14.607.212**	**719.772**	**1.346.432**	**157.753.896**	**5.163.956**	**202.600.862**
Liabilities								
Bank Deposits	-	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-	-
Funds Provided from Other Financial Institutions	-	6.881.174	3.232.490	-	-	104.468.048	-	114.581.712
Money Market Borrowings	-	6.645.739	658.125	-	-	329	-	7.304.193
Marketable Securities Issued (4)	-	772.971	1.865.193	-	1.026.060	43.737.146	-	47.401.370
Miscellaneous Payables	-	-	-	-	-	-	3.028.160	3.028.160
Other Liabilities	-	547.586	373.628	26.098	150.787	619.474	28.567.854	30.285.427
Total Liabilities	**-**	**14.847.470**	**6.129.436**	**26.098**	**1.176.847**	**148.824.997**	**31.596.014**	**202.600.862**
Liquidity Gap	**1.455.270**	**6.706.854**	**8.477.776**	**693.674**	**169.585**	**8.928.899**	**(26.432.058)**	**-**
Net Off-balance sheet Position	-	**(118.031)**	**(607.097)**	-	-	**1.036.093**	-	**310.965**
Financial Derivative Assets	-	16.425.652	15.122.575	-	-	59.589.857	-	91.138.084
Financial Derivative Liabilities	-	16.543.683	15.729.672	-	-	58.553.764	-	90.827.119
Non-cash Loans	-	400.639	613.264	4.414.620	1.833.376	3.438.768	1.015.395	11.716.062
Prior Period								
Total Assets	**1.417.154**	**22.835.956**	**12.798.884**	**32.910.674**	**77.945.553**	**28.311.382**	**4.694.249**	**180.913.852**
Total Liabilities	**-**	**5.886.433**	**5.429.546**	**20.908.672**	**76.095.049**	**43.824.790**	**28.769.362**	**180.913.852**
Liquidity Gap	**1.417.154**	**16.949.523**	**7.369.338**	**12.002.002**	**1.850.504**	**(15.513.408)**	**(24.075.113)**	**-**
Net Off-balance sheet Position	**-**	**(22.337)**	**(348.496)**	**(257.864)**	**386.317**	**(4.475)**	**-**	**(246.855)**
Financial Derivative Assets	-	7.390.823	8.245.327	6.841.241	40.331.116	5.960.470	-	68.768.977
Financial Derivative Liabilities	-	7.413.160	8.593.823	7.099.105	39.944.799	5.964.945	-	69.015.832
Non-cash Loans	-	1.601.176	867.555	2.570.079	2.909.879	3.560.593	713.561	12.222.843

(1) Among the active accounts that make up the balance sheet, tangible assets, intangible assets, subsidiaries and affiliates, deferred tax assets, fixed assets, prepaid expenses and other assets that are needed to continue banking activities and cannot be converted into cash in a short time. and passive accounts such as other foreign resources, total equity, provisions, tax liability are shown in the "Undistributed" column.
(2) First and second stage expected loss provisions are shown in the other assets, undistributable column.
(3) Includes derivative financial assets and loans at fair value through profit or loss.
(4) It also includes the issued bonds having the nature of secondary subordinated loans, which are classified under subordinated loans in the balance sheet.

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

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

4. Net stable funding rate

In accordance with the "Regulation on the Calculation of Net Stable Funding Ratio of Banks" published in the Official Gazette dated 26 May 2023 and numbered 32202, the procedures and principles to ensure that banks provide stable funding in order to prevent the funding risk that they may be exposed to on a consolidated and unconsolidated basis in the long term from causing deterioration in liquidity levels has been determined.

The net stable funding ratio is calculated on both consolidated and non-consolidated bases by dividing the amount of available stable funding by the required stable funding amount. The available stable funding represents the portion of a bank's liabilities and equity expected to be permanent, while the required stable funding refers to the portion of the bank's on-balance-sheet assets and off-balance-sheet commitments expected to be refinanced. The amount of available stable funding is calculated by summing the amounts of the bank's liabilities and equity elements, valued according to IFRS, after applying the relevant consideration ratios. The required stable funding amount is calculated by summing the amounts, after applying the relevant consideration ratios, of the bank's on-balance-sheet assets valued according to IFRS and off-balance-sheet commitments, after deducting the special provisions allocated under the Regulation on the Classification of Loans and Provisions to be Set Aside for These Loans.

The consolidated and non-consolidated net stable funding ratios, which are calculated monthly during equity calculation periods, must have a simple quarterly arithmetic average of at least 100% for the periods of March, June, September, and December. Development and investment banks are exempt from meeting the minimum ratios until otherwise determined by the Board.

The simple quarterly arithmetic average of the net stable funding ratios for the last three months, including the reporting period, was calculated as 122,43%, while the simple quarterly arithmetic average for the previous period was calculated as 131,25%.

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

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

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

4. Net stable funding rate (continued)

Current Period		**a**	**b**	**c**	**ç**	**d**
		Amount without Consideration Rate Applied, According to Remaining Maturity				Total Amount with Consideration Rate Applied
		Demand	**Less then 6 Month**	**6-12 Months**	**1 Years and Over**	
Current Stable Fund						
1	Equity Components	24.711.391	-	-	9.660.900	34.372.291
2	Core capital and supplementary capital	24.711.391	-	-	9.660.900	34.372.291
3	Other equity components	-	-	-	-	-
4	Real Individual and Retail Customer Deposits/Participation Funds	-	-	-	-	-
5	Stable deposits/participation funds	-	-	-	-	-
6	Less stable deposits/participation funds	-	-	-	-	-
7	Liabilities to Other Parties	1.177.105	27.639.613	22.350.955	108.741.595	123.850.974
8	Operational deposits/participation funds	1.177.105	-	-	-	588.552
9	Other liabilities	-	27.639.613	22.350.955	108.741.595	123.262.422
10	Liabilities Equivalent to Interconnected Assets					
11	Other liabilities	5.162.489	2.761.557	-	-	-
12	Derivative liabilities			1.031.415		
13	Other equity components and liabilities not listed above	5.162.489	1.730.142	-	-	-
14	**Current Stable Fund**					**158.223.265**
Required Stable Funding						
15	High-Quality Liquid Assets					11.048.818
16	Operational Deposits/Participation Funds Deposited with Credit or Financial Institutions	-	-	-	-	-
17	Live Receivables	113.450	41.277.575	18.303.559	95.336.149	105.167.534
18	Receivables from credit or financial institutions secured by high-quality liquid assets	-	-	-	-	-
19	Unsecured receivables or those secured by non-high-quality liquid assets from credit or financial institutions	-	17.628.290	5.222.745	4.387.264	9.642.879
20	Receivables from corporate clients outside of credit or financial institutions, institutions, individuals and retail customers, central governments, central banks, and public institutions	-	23.649.285	12.852.265	90.700.676	95.108.928
21	*Receivables subject to a risk weight of 35% or less*	-	-	-	1.187.112	771.623
22	Receivables secured by residential real estate mortgages	-	-	-	-	-
23	*Receivables subject to a risk weight of 35% or less*	-	-	-	-	-
24	Non-high-quality liquid assets including publicly traded stocks and debt securities	113.450	-	228.549	248.209	415.727
25	Liabilities Equivalent to Interconnected Liabilities					
26	Other Assets	12.217.477	2.259.976	-	-	13.487.431
27	Physical commodities including gold	-	-	-	-	-
28	Initial margin for derivative contracts or guarantee funds provided to a central counterparty			166.347		141.395
29	Derivative assets			95.165		95.165
30	Value of derivative liabilities before deduction of variation margin			107.230		107.230
31	Other assets not listed above	12.217.477	926.164	-	-	13.143.641
32	Off-Balance Sheet Liabilities		5.794.547	5.328.087	16.090.950	1.360.680
33	**Required Stable Funding**					**131.064.463**
34	**Net Stable Funding Ratio (%)**					**120,72**

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

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

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

4. Net stable funding rate (continued)

Prior Period		**a**	**b**	**c**	**ç**	**d**
		Amount without Consideration Rate Applied, According to Remaining Maturity				Total Amount with Consideration Rate Applied
		Demand	**Less then 6 Month**	**6-12 Months**	**1 Years and Over**	
Current Stable Fund						
1	Equity Components	22.349.187	-	-	5.871.100	28.220.287
2	Core capital and supplementary capital	22.349.187	-	-	5.871.100	28.220.287
3	Other equity components	-	-	-	-	-
4	Real Individual and Retail Customer Deposits/Participation Funds	-	-	-	-	-
5	Stable deposits/participation funds	-	-	-	-	-
6	Less stable deposits/participation funds	-	-	-	-	-
7	Liabilities to Other Parties	1.482.480	17.418.201	12.922.672	112.918.607	123.403.742
8	Operational deposits/participation funds	1.482.480	-	-	-	741.240
9	Other liabilities	-	17.418.201	12.922.672	112.918.607	122.662.502
10	Liabilities Equivalent to Interconnected Assets					
11	Other liabilities	3.913.321	1.021.833	-	-	-
12	Derivative liabilities			850.909		
13	Other equity components and liabilities not listed above	3.913.321	170.924	-	-	-
14	**Current Stable Fund**					**151.624.029**
Required Stable Funding						
15	High-Quality Liquid Assets					9.911.111
16	Operational Deposits/Participation Funds Deposited with Credit or Financial Institutions	-	-	-	-	-
17	Live Receivables	98.324	44.043.229	13.995.953	82.214.393	91.970.734
18	Receivables from credit or financial institutions secured by high-quality liquid assets	-	-	-	-	-
19	Unsecured receivables or those secured by non-high-quality liquid assets from credit or financial institutions	-	20.117.837	2.054.612	2.607.588	6.652.570
20	Receivables from corporate clients outside of credit or financial institutions, institutions, individuals and retail customers, central governments, central banks, and public institutions	-	23.925.392	11.927.504	79.488.912	85.133.412
21	*Receivables subject to a risk weight of 35% or less*	-	-	-	1.793.055	1.165.486
22	Receivables secured by residential real estate mortgages	-	-	-	-	-
23	*Receivables subject to a risk weight of 35% or less*	-	-	-	-	-
24	Non-high-quality liquid assets including publicly	98.324	-	13.837	117.893	184.752
25	Liabilities Equivalent to Interconnected Liabilities					
26	Other Assets	12.134.360	2.205.255	-	-	13.415.438
27	Physical commodities including gold	-				-
28	Initial margin for derivative contracts or guarantee funds provided to a central counterparty			181.277		154.085
29	Derivative assets			160.891		160.891
30	Value of derivative liabilities before deduction of variation margin			99.665		99.665
31	Other assets not listed above	12.134.360	866.437	-	-	13.000.797
32	Off-Balance Sheet Liabilities		5.425.788	3.629.626	15.308.544	1.218.198
33	**Required Stable Funding**					**116.515.481**
34	**Net Stable Funding Ratio (%)**					**130,13**

(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 13,34% (December 31, 2023: 12,98%). The amount of on-balance sheet assets increased by approximately 11,66% 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)	180.588.948	148.549.215
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)	(22.060.424)	(32.364.637)
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)	1.239.426	683.472
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)	4.574.983	1.430.380
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)	(6.640.419)	(6.468.900)
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)**	**133.217.053**	**198.470.339**

(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 the Preparation of Consolidated Financial Statements of Banks. Since the consolidated financial statements prepared in accordance with TAS are not yet ready as of the current period, 31 As of December 2023 and the previous period, consolidated financial statements prepared in accordance with TAS dated 30 June 2023 were 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)	197.785.275	177.277.593
2	(Assets deducted from Core capital)	(1.157.664)	(1.186.200)
3	**Total risk amount of balance sheet assets (sum of lines 1 and 2)**	**196.627.611**	**176.091.393**
	Derivative financial assets and credit derivatives		
4	Cost of replenishment for derivative financial assets and credit derivatives	292.178	777.323
5	Potential credit risk amount of derivative financial assets and credit derivatives	895.496	473.902
6	**Total risk amount of derivative financial assets and credit derivatives (sum of lines 4 and 5)**	**1.187.674**	**1.251.225**
	Financing transactions secured by marketable security or commodity		
7	Risk amount of financing transactions secured by marketable security or commodity	1.622.239	866.786
8	Risk amount arising from intermediary transactions	25.255	49.629
9	**Total risk amount of financing transactions secured by marketable security or commodity (sum of lines 7 and 8)**	**1.647.494**	**916.415**
	Off-balance sheet transactions		
10	Gross notional amount of off-balance sheet transactions	29.584.871	26.680.206
11	(Correction amount due to multiplication with credit conversion rates)	(6.640.419)	(6.468.900)
12	**Total risk of off-balance sheet transactions (sum of lines 10 and 11)**	**22.944.452**	**20.211.306**
	Capital and total risk		
13	Core Capital	29.676.459	25.764.354
14	Total risk amount (sum of lines 3, 6, 9 and 12)	222.407.231	198.470.339
	Leverage ratio		
15	**Leverage ratio**	**%13,34**	**%12,98**

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

SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VII. Explanations related to consolidated risk management

Linkages between financial statements and risk amounts

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

As the standard approach is utilized for the calculation of the capital adequacy of the 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 ICAAP report is reported to the BRSA.

(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)	125.835.030	91.250.195	10.066.802
2	Standardised approach	125.835.030	91.250.195	10.066.802
3	Internal rating-based approach	-	-	-
4	Counterparty credit risk	1.386.903	1.169.625	110.952
5	Standardised approach for counterparty credit risk	1.386.903	1.169.625	110.952
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	2.469.788	1.903.575	197.583
17	Standardised approach	2.469.788	1.903.575	197.583
18	Internal model approaches		-	-
19	Operational risk	16.284.961	9.013.514	1.302.797
20	Basic indicator approach	16.284.961	9.013.514	1.302.797
21	Standard approach	-	-	-
22	Advanced measurement approach	-	-	-
23	The amount of the discount threshold under the equity (subject to a 250% risk weight)	5.865.045	5.377.275	469.204
24	Floor adjustment	-	-	-
25	**Total (1+4+7+8+9+10+11+12+16+19+23+24)**	**151.841.727**	**108.714.184**	**12.147.338**

(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	-	-	1	-
Balances with the Central Bank of Turkey	565	3.957.445	8.682	2.934.142
Other	-	-	-	-
Total	**565**	**3.957.445**	**8.683**	**2.934.142**

	Current Period		Prior Period(1)	
	TL	**FC**	**TL**	**FC**
Unrestricted demand deposits	565	39.065	8.682	36.542
Unrestricted time deposits	-	-	-	-
Restricted time deposits	-	-	-	-
Other (2)	-	3.918.380	-	2.897.600
Total	**565**	**3.957.445**	**8.682**	**2.934.142**

(1) Expected loss provision amounting to 4.232 TL has been allocated to the "Central Bank of the Republic of Turkey" account (31 December 2023: 520 TL)

(2) It is the required reserve amount kept blocked at the CBRT regarding Turkish lira assets and foreign currency liabilities.

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

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 March 31, 2023 are presented in table below:

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

(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, 2023: 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, 2023: None).

2.c Positive differences related to derivative financial assets :

Derivative Instruments (1)	Current Period		Prior Period	
	FC	**TL**	**FC**	**FC**
Forward Transactions	18.714	1.318	5.461	857
Swap Transactions	583.743	1.306.256	469.361	1.148.379
Futures Transactions	-	-	-	-
Options	-	68.678	-	-
Other	-	-	-	-
Total	**602.457**	**1.376.252**	**474.822**	**1.149.236**

(1) Derivative Financial Assets for Hedging Purposes amounting to TL 448.391 are shown in the "Derivative Financial Assets" account (31 December 2023: TL 310.639).

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 March 31, 2024, the market rediscount value of these the swap process with a nominal amount of $ 25 million is TL 453.517 and a redemption date of is 2027 (December 31, 2023: The market rediscount value of swaps with a nominal amount of $ 25 million is TL 401.197).

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

As of March 31, 2024, there are no loans whose fair value difference is reflected in profit or loss.

(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	552.499	430.437	198.512	4.368.862
Foreign	-	1.380.525	-	693.883
Branches and head office abroad	-	-	-	-
Total	**552.499**	**1.810.962**	**198.512**	**5.062.745**

(1) A provision of 3.088 TL (31 December 2023: 4.777 TL) has been allocated to the "Banks" account.

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	256.751	821.459	-	919.660
Treasury bills	-	-	-	-
Other government debt securities	-	-	-	-
Bank bonds and bank guaranteed bonds	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
Total	**256.751**	**821.459**	**-**	**919.660**

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. Undersecreteriat of Treasury. The carrying value of those assets is TL 4.797.018.

	Current Period		Prior Period	
	TP	YP	TP	YP
Share certificates	-	-	-	-
Bond, treasury bill and similar investment securities	3.799.558	997.460	3.149.373	893.435
Other	-	-	-	-
Total	**3.799.558**	**997.460**	**3.149.373**	**893.435**

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 46,24%, Eurobonds 43,37% and shares and other securities 10,39% (December 31, 2023: 37,57% government bonds, 52,85% Eurobonds, 9,58% shares and other securities).

(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	12.166.407	8.926.193
Quoted on a stock exchange	6.505.557	3.748.551
Unquoted	5.660.850	5.177.642
Share certificates	995.587	921.878
Quoted on a stock exchange	122.565	108.512
Unquoted	873.022	813.366
Impairment provision(-)	(133.663)	(81.733)
Other	-	-
Total	**13.028.331**	**9.766.338**

The net book value of unquoted financial assets at fair value through other comprehensive income share certificates of the Group is TL 868.128 (December 31, 2023: TL 808.472).

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	558.319	-	597.442	-
Corporate shareholders	558.319	-	597.442	-
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	-	-	-	-
Loans granted to employees	9.523	-	10.072	-
Total	**567.842**	-	607.514	-

(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	126.341.992	6.573.359	6.785.967	-
Working Capital loans	19.591.062	239.144	4.122.740	-
Export loans	2.806.004	-	-	-
Import loans	-	-	-	-
Loans given to financial sector	15.659.358	-	-	-
Consumer loans	9.523	-	-	-
Credit cards	-	-	-	-
Other	88.276.045	6.334.215	2.663.227	-
Specialized loans	-	-	-	-
Other receivables	1.826.814	-	-	-
Total	**128.168.806**	**6.573.359**	**6.785.967**	-

(1) Purchasing Loans, Fleet Leasing Loans, Refinancing Loans and Portfolio Transfer Loans, totaling 1.847.788 TL, shown under "Operating Loans" in the Parent Bank's chart of accounts, are shown under the "Other" category in the footnote above, as they are considered "Investments".

(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		
			Amendments on Conditions of Contract	
Cash Loans		Loans Not Subject to Restructuring	Loans with Revised Contract Terms	Refinance
Non-specialized loans	112.977.913	6.023.402	6.744.619	-
Working Capital loans	15.824.843	218.923	4.185.837	-
Export loans	2.744.636	-	-	-
Import loans	-	-	-	-
Loans given to financial sector	13.351.262	-	-	-
Consumer loans	10.072	-	-	-
Credit cards	-	-	-	-
Other	81.047.100	5.804.479	2.558.782	-
Specialized loans	-	-	-	-
Other receivables	1.524.750	-	-	-
Total	**114.502.663**	**6.023.402**	**6.744.619**	-

(1) Purchasing Loans, Fleet Leasing Loans, Refinancing Loans and Portfolio Transfer Loans, totaling 1.763.838 TL, shown under "Operating Loans" in the Parent Bank's chart of accounts, are shown under the "Other" category in the footnote above due to their "Investment" nature.

	Current Period		Prior period	
	Standard Loans	Loans under Close Monitoring	Standard Loans	Loans under Close Monitoring
12 Months Expected Credit Loss	1.172.646	-	1.207.821	-
Significant Increase in Credit Risk	-	4.257.856	-	3.968.988

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.

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	1.102	8.421	9.523
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	1.102	8.421	9.523
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	**1.102**	**8.421**	**9.523**

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	441	9.631	10.072
Real Estate Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	441	9.631	10.072
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	**441**	**9.631**	**10.072**

(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, 2023: 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	141.528.132	127.270.684
Foreign Loans	-	-
Total	**141.528.132**	**127.270.684**

5.h Loans granted to subsidiaries and associates:

	Current Period	Prior Period
Direct loans granted to subsidiaries and associates	1.898.812	2.325.017
Indirect loans granted to subsidiaries and associates	-	-
Total	**1.898.812**	**2.325.017**

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

	Current Period	Prior Period
Loans and receivables with limited collectability	1.644.585	1.446.480
Loans and receivables with doubtful collectability	1.391.287	1.391.307
Uncollectible loans and receivables	231.207	241.904
Total	**3.267.079**	**3.079.691**

(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	744.332	1.450.252	148.510
Restructured loans	744.332	1.450.252	148.510
Prior Period			
Gross amounts before provisions	749.784	1.450.294	152.289
Restructured loans	749.784	1.450.294	152.289

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

	III. Group	IV. Group	V. Group
Current Period	Loans and Receivables With Limited Collectability	Loans and Receivables With Doubtful Collectability	Uncollectible Loans and Receivables
Prior Period End Balance	**2.237.702**	**1.450.294**	**258.132**
Additions (+)	264.147	-	-
Transfers from Other Categories of Non-performing Loans (+)	-	-	-
Transfers to Other Categories of Non-performing Loans (-)	-	-	-
Collections (-)	(5.452)	(42)	(11.628)
Write-offs (-)	-	-	-
Sold (-)			
Corporate and Commercial Loans	-	-	-
Retail Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Exchange rate differences of non-performing loans	90	-	-
Current Period End Balance	**2.496.487**	**1.450.252**	**246.504**
Provisions (-)	1.644.585	1.391.287	231.207
Net Balance on Balance Sheet	**851.902**	**58.965**	**15.297**

(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
Prior Period	Loans and Receivables With Limited Collectability	Loans and Receivables With Doubtful Collectability	Uncollectible Loans and Receivables
Prior Period End Balance	**283.191**	**1.661.963**	**388.822**
Additions (+)	1.983.177	-	103
Transfers from Other Categories of Non-performing Loans (+)	-	-	15.038
Transfers to Other Categories of Non-performing Loans (-)	-	15.038	-
Collections (-)	29.005	196.631	61.220
Write-offs (-)(1)	-	-	84.611
Sold (-)			
Corporate and Commercial Loans	-	-	-
Retail Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Exchange rate differences of non-performing loans	339	-	-
Current Period End Balance	**2.237.702**	**1.450.294**	**258.132**
Provisions (-)	1.446.480	1.391.307	241.904
Net Balance on Balance Sheet	**791.222**	**58.987**	**16.228**

(1) As of March 31, 2022, Türk Telekomünikasyon A.Ş., owned by LYY Telekomünikasyon A.Ş. 192.500.000.000 Group A shares, representing 55% of the capital, 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. In addition, a provision for impairment has been set aside for the entire acquired asset. As of June 30, 2022, the risk of LYY Telekomünikasyon A.Ş., for which a full provision had been made, was transferred to the follow-up accounts, and the amount transferred to the follow-up accounts and its special provisions were accountingally deleted from the assets (555.395 Thousand TL). As of December 31, 2022, when the calculation is made taking into account the loans written off, the effect on the Bank's 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	1.014	-	-
Provision (-)	1.014	-	-
Net Balance on Balance Sheet	-	-	-
Prior Period:			
Period End Balance	925	-	-
Specific Provision (-)	925	-	-
Net Balance on Balance Sheet	-	-	-

(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)	2.496.487	1.450.252	239.575
Provision Amount (-)	1.644.585	1.391.287	224.278
Loans to Real Persons and Legal Entities (Net)	851.902	58.965	15.297
Banks (Gross)	-	-	-
Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans (Gross)	-	-	6.929
Provision Amount (-)	-	-	6.929
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)	2.237.702	1.450.294	251.166
Provision Amount (-)	1.446.480	1.391.307	234.938
Loans to Real Persons and Legal Entities (Net)	791.222	58.987	16.228
Banks (Gross)	-	-	-
Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans (Gross)	-	-	6.966
Provision Amount (-)	-	-	6.966
Other Loans (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	90	-	-
Provision amount (-)	90	-	-
Prior Period (Net)	-	-	-
Interest Accruals and Rediscount with Valuation Differences	339	-	-
Provision amount (-)	339	-	-

(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	3.178.997	3.949.774	2.923.306	3.588.592
Subject to Repurchase Agreements	1.640.745	4.543.181	221.806	2.396.438
Total	**4.819.742**	**8.492.955**	**3.145.112**	**5.985.030**

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

	Current Period	Prior Period
Government Bonds	21.751.824	18.894.112
Treasury Bills	-	-
Other Government Debt Securities	-	-
Total	**21.751.824**	**18.894.112**

(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	9.695.631	8.392.539
Not Quoted	12.056.193	10.501.573
Impairment provision (-)	-	-
Total	**21.751.824**	**18.894.112**

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

	Current Period	Prior Period
Balance at Beginning of the Period	**18.894.112**	**12.825.981**
Foreign Currency Differences on Monetary Assets	998.123	3.861.667
Purchases During The Period	1.154.780	475.734
Disposals Through Sales And Redemptions (-)	8.177	334.204
Impairment Provision (-)	-	-
Interest Income Accruals	712.987	2.064.934
Balance at End of Period	**21.751.824**	**18.894.112**

A provision of 43.665 TL (31 December 2023: 13.462 TL) has been allocated to the "Financial assets valued at amortized cost" account.

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)	7.697	4.826	1.534	-	-	(9)	(244)	-
2	Ege Tarım (2)	76.514	35.320	46.036	994	-	14.218	2.134	-

(1) *Given as of September 30, 2023. The previous period profit/loss amount is given as of September 30, 2022*

(2) *It is given as of December 31, 2023. Prior period profit/loss amount is given as of December 31, 2022*

. ***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.

(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	20.481.440	3.322.951	37.315	1.863.065	-	214.639	238.068	-
2	İş Finansal (1)	47.088.355	7.366.920	84.703	2.828.339	233	517.420	274.355	2.105.043
3	İş Girişim(1)	2.263.737	2.258.992	4.762	16.646	-	24.116	5.813	306.983

(1) The fair value is calculated based on the stock market value dated 31 March 2024.

	Current Period (2)	Prior Period (2)
Balance at the Beginning of the Period	**2.825.834**	**1.493.750**
Movements During the Period	214.675	1.332.084
Purchases	-	-
Bonus Shares Received	-	-
Current Year Share of Profit	-	-
Sales	-	-
Revaluation Increase/Decrease (1)	214.675	1.332.084
Provision for Impairment (-)	-	-
Other	**3.040.509**	**2.825.834**
Balance at the End of the Period	-	-
Capital Commitments	-	-
Share Percentage at the End of the Period (%)		

(1) It includes accounting differences with the equity method.

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	722.742	672.276
Leasing Companies	1.937.633	1.796.189
Financial Service Companies	-	-
Other Financial Associates	376.584	353.819

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

	Current Period	Prior Period
Associates Quoted on Domestic Stock Markets	2.314.216	2.150.006
Associates Quoted on Foreign Stock Markets	-	-

(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, which comes after all other receivables in terms of receivables in case of liquidation of the company	63.500	650.000	150
Share Premium	-	1.136	-
Legal Reserves	19.684	8.862	115
Other Comprehensive Income/Loss according to TAS	33.789	-	-
Current and Prior Years' Profit	573.707	2.697.362	281
Leasehold Improvements (-)	4.485	-	-
Intangible Assets (-)	1.577	78	-
Total Core Capital	**684.618**	**3.357.282**	**546**
Supplementary Capital	-	-	-
Capital	-	-	-
Net Available Capital	**684.618**	**3.357.282**	**546**

(1) The information is obtained from financial statements subject to consolidation as of March 31, 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	13.001	8.862	115
Other Comprehensive Income/Loss according to TAS	31.289	-	-
Current and Prior Years' Profit	529.957	2.684.982	409
Leasehold Improvements (-)	3.459	-	-
Intangible Assets (-)	1.738	80	-
Total Core Capital	**632.550**	**3.344.900**	**674**
Supplementary Capital	-	-	-
Capital	-	-	-
Net Available Capital	**632.550**	**3.344.900**	**674**

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

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.

(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	100

		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	131.777	85.929	23.867	7.331	-	21.711	9.938	-
2	TSKB SD	17.648	13.415	602	1.055	-	(403)	(1.863)	-

	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)	6.392.438	678.106	93.055	282.321	35	70.281	43.107	-
TSKB GYO (1)	3.383.473	3.360.531	3.276.584	8.719	-	15.551	3.380	5.711.639
Yatırım VKŞ (1)	1.026.661	546	-	-	-	(128)	(52)	-

(1) Financial data regarding consolidated subsidiaries have been prepared in accordance with BRSA regulations.

(2) The fair value is calculated based on the stock market value of 31 March 2024.

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.d 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	**3.676.484**	**1.989.634**
Movements During the Period	63.721	1.686.850
Purchases	-	-
Bonus Shares Obtained	-	-
Current Year Shares of Profit	-	-
Sales	-	-
Revaluation Increase (1)	63.721	1.686.850
Provision for Impairment	-	-
Balance At the End of the Period	**3.740.205**	**3.676.484**
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	-	-

(1) Includes accounting differences with the equity method.

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.

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

Subsidiaries	Current Period	Prior Period
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Financial Service Companies	-	-
Other Financial Subsidiaries	3.640.862	3.575.468

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

	Current Period	Prior Period
Subsidiaries quoted on domestic stock exchanges	2.979.321	2.968.335
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	46.715	(30.070)	3.362	1.756	-	4.090	2.210	-

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	79.476	68.084	73.222	62.626
Between 1- 4 years	147.536	100.291	136.146	95.832
More than 4 years	485.108	306.291	448.289	293.912
Total	**712.120**	**474.666**	**657.657**	**452.370**

A provision of 75.365 TL (31 December 2023: 72.631 TL) has been allocated to the “Financial Lease Receivables” account.

(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	**712.120**	**657.657**
Unearned revenue from finance leases (-)	237.454	205.287
Cancelled finance leases (-)	-	-
Net investments in finance leases	**474.666**	**452.370**

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 448.391 related to derivative financial assets for hedging purposes (December 31, 2023: positive differences amounting to TL 310.639).

As of March 31, 2024, 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	13.203.230	-	149.125	12.304.847	94.859	130.762
FC	13.203.230	-	149.125	12.304.847	94.859	130.762
TL	-	-	-	-	-	-
Swap Currency Transactions	28.675.532	448.391	-	26.483.208	215.780	39.214
FC	28.675.532	448.391	-	26.483.208	215.780	39.214
TL	-	-	-	-	-	-

11.a Information on fair value hedge accounting

Current Period Hedging Item	Hedged Item	Type of Risk	Fair Value Change of Hedged Item (1)	Fair Value of Hedging Instrument (1)		Income St Effect (Profit/Loss Through Derivative Financial Instruments)
				Asset	**Liability**	
Interest Rate Swap Transactions	Fixed Rate Eurobond and Green bond Issued	Interest Rate Risk	(25.135)	-	(14.371)	(39.506)
Interest Rate Swap Transactions	Fixed Rate Loans Used	Interest Rate Risk	130.736	-	(137.311)	(6.575)
Cross Currency Swap Transactions	Fixed Rate Issued Eurobond	Interest Rate Risk	(46.784)	81.593	-	34.809

(1) The fair value of the protected asset and hedged instrument subject to hedge accounting is shown as the net market value excluding credit risk and accumulated interest.

(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.b 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	(112.672)	-	77.745	(34.927)
Interest Rate Swap Transactions	Fixed Rate Loans Used	Interest Rate Risk	107.833	-	(115.332)	(7.499)
Cross Currency Swap Transactions	Fixed Rate Issued Eurobond	Interest Rate Risk	(103.960)	152.334	-	48.374

(1) The fair value of hedged item and hedging instrument are presented as net market value excluding credit risk and accumulated interest.

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 1.435.251 (December 31, 2023: TL 1.430.351) belonging to its subsidiary operating in the field of real estate investment trust. As of March 31, 2024 and December 31, 2023, 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	221.000	-	-	-	221.000
Pendorya Mall	720.000	4.900	-	-	724.900
Adana Hotel Project	489.350	-	-	-	489.350
Total	**1.430.350**	**4.900**	-	-	**1.435.250**

Prior Period	Closing Balance of Prior Period	Additions	Disposals	Change in Fair Value	Closing Balance of Prior Period
Tahir Han	139.860	-	-	81.140	221.000
Pendorya Mall	410.000	-	-	310.000	720.000
Adana Hotel Project	215.050	-	-	274.300	489.350
Total	**764.910**	-	-	**665.440**	**1.430.350**

(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	69.694	67.478
Provisions	1.655.709	1.581.182
Employee benefit provision	35.310	16.278
Marketable Securities	141.425	142.402
Others (1)	82.123	65.432
Total Deferred Tax Asset	**1.984.261**	**1.872.772**
Deferred tax liabilities:		
Marketable securities	-	(5.482)
Resource commissions accrual adjustment	(127.922)	(74.847)
Valuation of derivative instruments	(312.232)	(235.992)
Useful life difference of fixed assets	(6.386)	(6.322)
Others	(83.402)	(69.524)
Total Deferred Tax Liability	**(529.942)**	**(392.167)**
Net Deferred Tax Asset	**1.454.319**	**1.480.605**

(1) *There is also a deferred tax liability related to hedge accounting in the amount of 39.225 TL in the Other Item (31 December 2023: 32.350 TL tax asset).*

	Current Period	**Prior Period**
Deferred Tax as of January 1 Asset / (Liability) - Net	1.480.605	724.131
Deferred Tax (Loss) / Gain	(92.347)	705.510
Deferred Tax that is Realized Under Shareholder's Equity	66.061	50.964
Deferred Tax Asset / (Liability) Net	**1.454.319**	**1.480.605**

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, 2023: 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, 2023: None).

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

As of the balance sheet date, the Parent Bank does not have any fixed asset transactions related to assets held for sale and discontinued operations (31 December 2023: None).

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, 2023: 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.

(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	20.266	1.010	11.755	642
Swap Transactions	65.956	1.052.201	21.132	944.653
Futures Transactions	-	-	-	-
Options	-	68.558	-	-
Other	-	-	-	-
Total	**86.222**	**1.121.769**	**32.887**	**945.295**

(1) Derivative Financial Liabilities for Hedging Purposes amounting to 149.125 TL (31 December 2023: 169.976 TL) 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	702.040	173.520	175.418	-
From Foreign Banks, Institutions and Funds	-	113.706.152	-	106.675.692
Total	**702.040**	**113.879.672**	**175.418**	**106.675.692**

3.b Maturity analysis of funds borrowed:

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
Short-term	702.040	173.520	175.418	601.435
Medium and long-term	-	113.706.152	-	106.074.257
Total	**702.040**	**113.879.672**	**175.418**	**106.675.692**

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

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
Nominal	1.410.880	35.519.909	1.835.880	31.248.930
Cost	1.359.710	35.339.155	1.784.332	31.086.300
Book Value	1.418.781	36.296.474	1.921.359	32.227.091

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%.

As of September 19, 2023, the Bank issued USD 300 million worth of Eurobonds. The interest rate of the fixed-rate, 5-year + 1 month maturity and 6-month coupon payment debt instrument, whose redemption date is October 19, 2028, has been determined as 9,375%.

As of February 8, 2024, the bank issued Eurobonds worth 53 million US dollars. The interest rate of the fixed-rate, 3-month maturity debt instrument with a redemption date of May 8, 2024 is determined as 5,9%.

Yatırım Finansman Menkul Değerler A.Ş. On 14 December 2023 and 8 March 2024, it issued debt instruments with a total nominal amount of 520.000.000 TL, redemption dates of 4 April 2024 and 8 May 2024, at simple interest rates of 46,00 and 48,50 with maturities of 112 days and 61 days.

(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)

The details of the issues issued by Yatırım Varlık Kiralama A.Ş. as of March 31, 2024, whose redemption date has not yet arrived, are as follows:

ISIN Code	Fund User	Export Amount (TL)	Export Date	Redemption Date
TRDYVKS62511	MLP Sağlık Hizmetleri A.Ş.	1.000.000.000	12/12/2023	12/06/2025

( ) The amount of 109.120 Thousand TL taken into the group portfolio is eliminated in the financials.*

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, 2023: None).

5. Explanations on financial lease obligations (net)

5.a Explanations on finance lease payables:

The Group has no finance lease payables (December 31, 2023: None).

5.b Explanations regarding operational leases:

As of the reporting date, the Bank's 2 head office buildings, 11 branch, 28 cars and 395 phone and 285 unit computers are subject to operational leasing.(December 31, 2023: 2 head office buildings, 11 branch, 28 cars and 298 computers under operational leasing). In the current period, the Bank has lease liability with TFRS 16 amounting to TL 33.280 related to operational lease transactions (December 31, 2023 : TL 39.250).

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, 2023: None).

6. Negative differences on derivative financial instruments held for hedging purposes:

	Current Period		Prior Period	
	TL	FC	TL	FC
Fair Value Hedge (1)	-	149.125	-	169.976
Cash Flow Hedge	-	-	-	-
Hedge of net investment in foreign operations	-	-	-	-
	-	**149.125**	-	**169.976**

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

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, 2023: 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 3.978 (December 31, 2023: TL 84.696).

The Parent Bank has an expected loss provision amounting to TL 80.187 for non-cash loans (December 31, 2023: TL 112.766)

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, 2023: TL 1.750.000).

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 31 March 2024, employee termination benefits is amounting TL 80.413 reflected in financial statements (31 December 2023: TL 30.178). As of 31 March 2024, the Bank has provided a reserve for unused vacation amounting to TL 34.211 (31 December 2023: TL 21.710). 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 March 31, 2024, the Bank has no obligations on pension rights (December 31, 2023: None).

Liabilities for pension funds established in accordance with Social Security Institution

None as of March 31, 2024 (December 31, 2023: None).

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

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

In this context, 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 March 31, 2024 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.

(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.3 Explanations on litigation

As of March 31, 2024, the Bank reflected the case provision of TL 70.000 (December 31, 2023: TL 70.000) in its financial statements.

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

7.c.1. apart from the free provisions set aside for possible risks specified in the article, there are general provisions set aside for non-cash loans of 80.187 TL and other miscellaneous provision amounts (31 December 2023: 112.767 TL).

8. Information on taxes payable

8.a Information on current taxes payable

8.a.1 Information on taxes payable:

	Current Period		Prior Period	
Corporate Taxes and Deferred Taxes	TL	FC	TL	FC
Corporate Taxes Payable	1.487.503	-	866.968	-
Deferred Tax Liability	-	-	-	-
Total	**1.487.503**	-	**866.968**	-

8.a.2 Information on taxes payable:

	Current Period	Prior Period
Corporate Taxes Payable	1.487.503	866.968
Taxation of Securities	20.670	33.989
Capital gains tax on property	-	-
Banking and Insurance Transaction Tax (BITT)	42.722	40.316
Foreign Exchange Transaction Tax	-	-
Value Added Tax Payable	5.732	5.934
Other	80.894	20.084
Total	**1.637.521**	**967.291**

(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	2.957	1.473
Social Security Premiums-Employer	3.608	1.834
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	790	412
Unemployment Insurance-Employer	1.548	808
Other	-	-
Total	**8.903**	**4.527**

8.b Explanations on deferred taxes liabilities:

As of the reporting date, the Group has no deferred tax liability (December 31, 2023: None).

9. Information on liabilities regarding assets held for sale

None (December 31, 2023: None).

10. Explanations on the number of subordinated loans the Parent Bank used, maturity, interest rate, institution that the loan was borrowed from, and conversion option, if any:

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, 2024, 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 28, 2023, the Bank does not have any capital increase during the current period.

(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, 2023: 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, 2023: 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 İnvestor 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, 2023: 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	**781.644**	**-**	**788.864**	**-**
Available for Sale Financial Assets	**1.035.849**	**44.091**	**1.090.315**	**54.353**
Valuation Differences	610.127	44.091	704.781	54.353
Foreign Exchange Difference	425.722	-	385.534	-
Total	**1.817.493**	**44.091**	**1.879.179**	**54.353**

(1)Amounts included in other comprehensive income of investments valued according to the equity method are included.

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.

(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	3.572.276	2.066.447
Commitments for Stock Brokerage Purchase and Sales	3.460.140	342.039
Commitments for Money Market Brokerage Purchase and Sales	3.055.993	2.506.167
Commitments for Forward Purchase and Sales of Assets	159.585	168.814
Capital Commitments for Subsidiaries and Associates (1)	28.353	39.346
Other	961.676	718.353
Total	**11.238.023**	**5.841.166**

(1) The remaining amount that the Parent Bank has committed to purchase from the shares of the fund established under the name of Turkish Growth and Innovation Fund (TGIF) 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 Inc.

1.b Possible losses and commitments related to off-balance sheet it including items listed below:

1.b.1 Non-cash loans including guarantees, surety and acceptances, financial collaterals and other letters of credits:

As of the reporting date, total letters of credits, surety and acceptance amount to TL 4.030.346 (December 31, 2023: TL 4.121.492).

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

As of the reporting date, total letters of guarantee is TL 7.685.716 (December 31, 2023: TL 8.101.353).

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

	Current Period	Prior Period
Non-cash Loans Given Against Achieving Cash Loans	4.695.821	4.778.714
With Maturity of One Year or Less than One Year	1.345.703	33.829
With Maturity of More than One Year	3.350.118	4.744.887
Other Non-Cash Loans	7.020.241	7.444.129
Total	**11.716.062**	**12.222.843**

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

1. Information on off-balance sheet liabilities (Continued)

1.c.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 102 legal cases against the Bank which are amounting to TL 987 as of the reporting date (December 31, 2023 TL 986 - 104 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 stump 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.

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.

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. Thats why, decision was appealed by the company. The Council of State reversed the judgement based on unappropriate 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.

(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	277.267	179.108	149.538	82.007
Medium and Long Term Loans	716.055	3.027.998	165.915	1.423.107
Interest on Non-performing Loans	31	27.983	36	-
Premiums received from Resource Utilization Support Fund	-	-	-	-
Total	**993.353**	**3.235.089**	**315.489**	**1.505.114**

(1) Commissions received from loans are shown in interest income.

1.b Information on interest received from banks:

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
The Central Bank of Turkey (1)	27	-	11	-
Domestic Banks	11.512	16.777	37.352	5.151
Foreign Banks	-	1.892	-	2.069
Branches and Head Office Abroad	-	-	-	-
Total	**11.539**	**18.669**	**37.363**	**7.220**

(1) Interests given by the CBRT for required reserves established in Turkish Lira and required reserves established in US Dollars, reserve options and free accounts are shown in the "From the Central Bank of the Republic of Turkey" line.

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	2.944	-	333	-
Financial Assets at Fair Value Through Other Comprehensive Income	426.449	92.428	129.317	92.376
Financial Assets Measured at Amortized Cost	810.230	243.366	649.201	129.937
Total	**1.239.623**	**335.794**	**778.851**	**222.313**

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 March 31, 2024, the valuation of these assets was made according to the annual inflation rate of 44.9% (October 2023-October 2024) (March 31, 2022: 49.9%).

(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	51.338	23.736

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	41.679	827.061	1.919	365.219
The Central Bank of Turkey	-	-	-	-
Domestic Banks	35.834	200.288	1.919	118.109
Foreign Banks	5.845	626.773	-	247.110
Branches and Head Office Abroad	-	-	-	-
Other Financial Institutions	-	1.209.839	-	607.962
Total (1)	**41.679**	**2.036.900**	**1.919**	**973.181**

(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 (March 31, 2024: None).

2.c Information on interest expense to securities issued:

	Current Period		Prior Period	
	FC	TL	FC	TL
Interest on securities issued (1)	38.809	686.518	24.767	234.949

(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	**34.342.277**	**1.424.971**
Gains on capital market operations	45.238	1.774
Gains on derivative financial instruments (1)	1.941.128	996.293
Foreign exchange gains	32.355.911	426.904
Losses (-)	**35.089.680**	**1.303.894**
Losses on capital market operations	29.105	18.139
Losses on derivative financial instruments (1)	1.205.749	1.026.493
Foreign exchange losses	33.854.826	259.262

(1) The amount of gain arising from exchange rate changes related to derivative transactions amounting to 908.614 TL; Within “Gains on derivative financial instruments” (31 March 2023: 248.713 TL); (188.513) TL Amount of loss arising from exchange rate changes related to derivative transactions; It is included in “Losses on derivative financial instruments” (31 March 2023: (314.952) TL).

(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)

5. Information related to other operating income

	Current Period	Prior Period
Provisions Released	24.555	285.793
Gains on Sale of Assets	16	485
From Associate and Subsidiary Sales	-	-
From Immovable Fixed Asset Sales	-	-
From Property Sales	16	485
From Other Asset Sales	-	-
Other (1)	179.489	27.870
Total	**204.060**	**314.148**

(1) It also includes an income amount of 130.022 TL related to the intermediary issues of Yatırım Varlık Kiralama A.Ş. The same amount is included as an expense in other operating expenses and 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	433.025	65.739
12 Months Expected Credit Loss (Stage 1)	31.190	61.919
Significant Increase in Credit Risk (Stage 2)	270.558	-
Non-performing Loans (Stage 3)(2)	131.277	3.820
Marketable Securities Impairment Expenses	1.610	1.536
Financial Assets at Fair Value Through Profit or Loss	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	1.610	1.536
Associates, Subsidiaries, and Entities under Common Control (Joint Venture) Value Decrease	-	-
Associates	-	-
Subsidiaries	-	-
Entities under Common Control (Joint Venture)	-	-
Other	-	50.000
Total	**434.635**	**117.275**

(1) As of the balance sheet date, there is no free provision expense for possible risks (31 March 2023: 50.000 TL).

(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	1.365	10.395
Bank Social Aid Fund Deficit Provision	-	-
Impairment Expenses of Fixed Assets	-	-
Depreciation Expenses of Fixed Assets	8.602	4.816
Impairment Expenses of Intangible Assets	-	-
Impairment Expense of Goodwill	-	-
Amortization Expenses of Intangible Assets	858	827
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	135.485	123.127
Rent Expenses	2.863	2.265
Maintenance Expenses	3.900	1.848
Advertisement Expenses	1.579	236
Other Expenses (2)	127.143	118.778
Loss on Sales of Assets	-	-
Other (1)	188.423	56.763
Total	**334.733**	**195.928**

(1) *It also includes the expense amount of 130.022 TL related to the intermediary issues of Yatırım Varlık Kiralama A.Ş. The same amount is included in other operating income as income and is shown as gross without netting as required for reporting. Tax and fee expenses excluding corporate tax amounting to 35.614 TL; It includes leave provision expenses amounting to 14.101 TL (31 March 2023: Includes tax and fee expenses excluding corporate tax amounting to 17.892 TL; leave provision expenses amounting to 8.502 TL).*

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

The Group's pre-tax profit on March 31, 2024 increased by 44,82% compared to its previous period pre-tax profit (March 31, 2023: an increase of 112,50%). Compared to the previous period, the Group's net interest income increased by 140,25% (March 31, 2023: an increase of 30,72).

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 621.123 (March 31, 2023: TL 625.397 expense). Deferred tax income is TL 92.347 (March 31, 2023: TL 192.375 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 92.347 (March 31, 2023: TL 192.375 income).

(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. (March 31, 2023: None)

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

The Group is increased the net profit by 38,71 % for the period ended March 31, 2024 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 7.018.865 of interest income, TL 3.060.687 of interest expenses, TL 209.712 of net fees and commission income from banking operations (March 31, 2023: TL 2.972.765 interest income, TL 1.325.222 interest expenses, TL 113.067 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. (March, 31 2023: None).

11.c Minority share of profit and loss:

The current year loss attributable to minority shares is TL 4.364 (March 31, 2023: TL 2.190 Profit). The total shareholders' equity, including current year profit attributable to minority shares is TL 407.325 (March 31, 2023: TL 220.612).

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		
Gains on Brokerage Commissions	79.291	48.512
Commissions from Initial Public Offering	44.857	258
Investment Fund Management Income	11.389	5.970
Other	54.655	41.538
Total	**190.192**	**96.278**

(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	2.325.017	2	597.442	-	-	-
Balance at the end of the period	1.898.812	2	558.319	-	-	-
Interest and commission income received	49.920	1.418	15.078	-	-	-

(1) Mutual transactions between the Parent Bank and 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	1.496.337	2	592.026	-	-	-
Balance at the end of the period	2.325.017	2	597.442	-	-	-
Interest and commission income received (2)	22.318	1.418	10.989	-	-	-

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

(2) Informations about March 31, 2023.

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	1.216.275	1.114.465	-	-	170.044	-
Total Profit / Loss (1)	(2.001)	(6.354)	-	-	865	-
Hedging Risk Transactions						
Beginning of the Period	-	-	-	-	-	-
End of the Period	-	-	-	-	-	-
Total Profit / Loss	-	-	-	-	-	-

(1) *The previous period includes information as of March 31, 2023*

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 61.102 (March 31, 2023: TL 30.119).

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

Within the scope of our foreign debt instrument issuance ceiling, debt instruments amounting to 9.200.000 EUR were issued abroad on April 17, 2024 and a total of USD 35.000.000 were issued on April 24, 2024.

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 March 31, 2024 have been reviewed by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.and Auditors’ Report dated May 2, 2024 is presented in the introduction of this report.

II. Explanations and notes prepared by independent auditors

There are no other explanations and notes not expressed in sections above related with the Group’s operation.

(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&Surname	Position	Term	Independent Member	Committees and Roles
Adnan Bali	Chairman of the Board	2024-2027	No	-
Ece Börü	Board Member	2024-2027	No	Corporate Governance Committee Member, Sustainability Committee Member
Murat Bilgiç	Board Member	2024-2027	No	Credit Revision Committee Member, Sustainability Committee Member, Risk Committee Member
Murat Doğan	Board Member	2024-2027	No	Remuneration Committee Member, Credit Revision Committee Member
M. Sefa Pamuksuz	Board Member	2024-2027	Yes	-
Mithat Rende	Board Member	2024-2027	No	Sustainability Committee Member
Abdi Serdar Üstünsalih	Board Member	2024-2027	No	-
Cengiz Yavilioğlu	Board Member	2024-2027	No	-

Information on the Bank's Board Meetings

The Board of Directors adopted 12 Board resolutions between January 1, 2024 and March 31, 2024. Board Members attended the meetings at a satisfactory level.

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)

Senior Management and Directors

Name&Surname	Position
Murat Bilgiç	CEO
Meral Murathan	Executive Vice President - Treasury, Treasury and Capital Market Operations, Financial Institutions and Investor Relations, Development Finance Institutions, Climate Change and Sustainability Management
Özlem Bağdatlı	Executive Vice President - Human Resources, Corporate Communications, Legal Affairs, Pension and Assistance Funds
Hasan Hepkaya	Executive Vice President - Corporate Banking Marketing, Corporate Banking Sales, Project Finance, Loan Operations
Poyraz Koğacıoğlu	Executive Vice President - Capital Markets, Mergers and Acquisitions, Corporate Finance
Bilinç Tanağardı	Executive Vice President - Application Development, System Support and Operation, Enterprise Architecture and Process Management, Procurement and Financial Affairs Management
S. Hüseyin Gürel	Executive Vice President - Advisory Services Sales, Financial and Technical Advisory, Loan Allocation, Credit Restructuring and Resolution, Engineering
Tolga Sert	Director - Credit Portfolio Management and Analytics, Financial Analysis, Budget and Planning, Financial Control
Burcu Ünüvar, PhD	Director/Chief Economist - Economic Research
Melis Sökmen	Director - Human Resources, Corporate Communications
Burç Boztunç	Director - Treasury, Treasury and Capital Market Operations

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)

Changes in the Bank's Senior Management and Directors during the period

As of February 28, 2024, Mr. Engin Topaloğlu resigned from his position. The Credit Portfolio Management and Analytics, Financial Analysis, Budget and Planning and Financial Control departments, which Mr. Topaloğlu managed previously, have been transferred to Mr. Tolga Sert, who will serve in an acting position.

Ms. Melis Sökmen was appointed as the Director for Human Resources and Corporate Communications, while Mr. Burç Boztunç was appointed as the Director for Treasury. The relevant resume information is available below.

Ms. Melis Sökmen
Ms. Sökmen graduated from the Faculty of Communication at Marmara University in 2002. She obtained her master's degree from the Faculty of Communication at Istanbul University. In 2002, Ms. Sökmen started her career in the media sector. After gaining experience in marketing, she joined TSKB Corporate Communications Department in 2008. Over the years, she transferred to Talent Management through internal transfer and assumed the position of TSKB Human Resources Manager as of March 1, 2018. On January 31, 2024, Ms. Sökmen was appointed as a director. She currently manages the Human Resources Department and the Corporate Communications Department.

Mr. Burç Boztunç
Mr. Boztunç earned his bachelor's degree in economics at Boğaziçi University in 2004 and his master's degree in finance at Istanbul University. In 2005, Mr. Boztunç started his career as an Assistant Specialist at TSKB Treasury Department. He has held managerial positions in various units under the Treasury Department. Starting from 2017, Mr. Boztunç served as the Treasury Manager before being appointed as Director in charge of the Treasury Department on January 31, 2024. Mr. Boztunç is currently responsible for Treasury and Capital Markets Operations and Treasury Departments.

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)

ASSESSMENTS OF THE CHAIRMAN REGARDING THE PERIOD

In the first quarter of 2024, global economic activity continued to recover. The improvement in global inflation is expected to persist, albeit at a slower pace, despite rising oil prices due to supply constraints and geopolitical developments. To that end, expectations regarding the timing and number of interest rate cuts by central banks, particularly the US Federal Reserve (Fed), are closely monitored. In light of all the foregoing data and despite the ongoing liquidity squeeze in international markets, the first quarter of the year saw an increase in risk appetite and rising capital inflows to emerging economies. On the other hand, the uncertainty in expectations particularly regarding the Fed's interest rate path has recently led to an increase in global bond yields. The impact of these developments on global risk appetite and on capital inflows into emerging economies will be closely monitored.

In the first three months of 2024, the Central Bank of the Republic of Türkiye (CBRT) remained committed to monetary tightening in the face of resilient domestic demand and the negative impact of the minimum wage hike on inflation. In addition to the liquidity measures implemented in early March to limit the loan growth rate, the CBRT raised the policy rate by another 500 basis points to %50 at the March Monetary Policy Committee meeting. It is pleasing to see that this stable stance in economic policies is reflected positively on the country's CDS and the assessments of credit rating agencies. The period ahead should be considered as a key opportunity to rebuild global confidence through anti-inflationary efforts and structural reforms.

Starting 2024 with strong loan provision ratios, the banking sector maintains its asset quality on a quarterly basis. Profitability is expected to decline quarterly due to the increase in TL funding costs and the impact of regulations, while commission revenues are expected to support net income for the period. Given that TSKB is a development bank and offers long-term foreign currency denominated loans as part of its mission, it has experienced a limited impact of such developments. In the first quarter of the year, TSKB performed in line with its business plan and maintained its sustainable profitability performance thanks to its healthy balance sheet structure and strong asset quality. In the coming period, TSKB will continue to employ its know-how, international collaborations and mission-oriented business model to create value for Türkiye's inclusive and sustainable development.

Kind regards,

Chairman of the Board

Adnan Bali

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)

ASSESSMENTS OF THE CHIEF EXECUTIVE OFFICER REGARDING THE PERIOD

After 2023, a year in which we observed a multitude of major geopolitical, economic and environmental developments, we stepped into 2024 with a growth target even higher than the last year's. In line with our goals supported by our development mission, high liquidity, resilient and further-strengthened capital adequacy ratios, we resolutely continue our contribution to the Turkish economy, particularly in the regions affected by the earthquake disaster. We are endeavoring to use our social responsibility projects launched in the 100th anniversary of our Republic as a leverage to expand the positive impact we have secured.

As part of the "100th Year Republic Library Project", the first step of which was taken in September 2023 to open school libraries in earthquake-stricken cities, we are pulling out all the stops and putting two more libraries into service in January to reach our goal of "11 libraries in 11 provinces" by 2025. We are proud that this project received the Award for Contribution to Library and Reading Culture by the School Librarians Association.

As one of the first institutions in Türkiye to set the climate issue as a focus on its agenda, we presented our second "Climate Report" to our stakeholders in the first quarter of 2024, following the first "Climate Risks Report" of the Turkish banking sector published in 2021. In this report, we shared our efforts focused on climate change and sustainability on our journey to net-zero and announced our commitment to exit coal financing by the end of 2035. We were pleased to share our goal of offering USD 4 billion in climate finance by the end of 2030 as well as our SDG-focused financing commitment by 2030, which we revised from USD 8 billion to USD 10 billion. For the coming days, we remain committed to acting responsibly in the face of the ecosystem crisis by closely monitoring our country's Nationally Determined Contribution and sectoral emission targets and by setting new targets as needed.

Following 2023, in which we have secured 1.1 billion USD of funding; our successful funding efforts continued in the first quarter of the year. In March, we completed our first Additional Tier 1 capital bond issuance of USD 300 million with almost 3 times investor oversubscription. Thus, we diversified our investor base and product diversity on the funding side, further reinforcing our healthy and strong balance sheet structure. As of end-March, our capital adequacy ratio stood at %19,4, excluding the BRSA's temporary measures.

Due to our robust performance in the first quarter of 2024, we have experienced a growth of approximately %3 in our cash loan portfolio on an FX-adjusted basis year-to-date. Renewable energy, inclusiveness and the reconstruction of earthquake regions were the main themes for new disbursements. We maintained the ratio of SDG-related loans in our total portfolio at %90 as of end-March. 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 first quarter of 2024, our Bank's total assets stood at TL 202,7 billion, while our total loan portfolio reached TL 146,2 billion with a %72 share in total assets. As of the end of the period concerned, the total amount of cash and non-cash loans we offer for the qualified and sustainable development of our country amounted to USD 4,9 billion. Our commission income from investment banking and advisory operations increased by %104 annually, thus bolstering our banking revenues. In the first quarter of 2024, our income before tax and provisions stood at TL 3,1 billion, while our net profit for the same period stood at TL 1.957 million. In addition, our return on equity ratio was %34,7.

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)

As we progress towards the 75th anniversary of our Bank, we will continue to implement innovative and pioneering activities and expand our multidimensional positive impact with a focus on sustainable and inclusive development for the next century of our country.

Kind regards,

CEO

Murat Bilgiç

ECONOMIC HIGHLIGHTS FROM THE INTERIM PERIOD

Economic Highlights from Q1 2024

Global economic activity remained resilient in the first quarter of 2024. The services sector accelerated globally, albeit at a limited pace, while manufacturing activity returned to expansion side in the first quarter. Expectations for the interest rate paths of the US (Fed) and European (ECB) Central Banks diverge slightly. While the forecasts for the ECB to start cutting interest rates in the summer have strengthened, the expectations for Fed rate cuts have been slightly postponed due to inflation data realized beyond forecasts, coupled with the statements by Fed officials. Recently, rising geopolitical tensions in the Middle East and export restrictions imposed on Russia have led to an upward pressure on commodity prices, particularly on energy prices. Such developments raise concerns over the pace of recovery in global inflation. Elevated interest rates, along with the recent escalation of geopolitical tensions, contribute to the downside risks in the global growth outlook. Although there are signs of economic recovery in China, uncertainties regarding the real estate sector persist. The Bank of Japan ended the negative interest rate policy it had been pursuing for many years. In its January update of the Global Economic Outlook, the International Monetary Fund (IMF) estimated that global growth would be %3,1 in 2023 and projected that growth in 2024 would stand at %3,1, which is 0,2 percentage points higher than its October forecast. While keeping its 2024 inflation forecast unchanged at %5,8, the IMF lowered its 2025 forecast by 0,2 percentage points to %4,4.

The Turkish economy grew faster than expected in the fourth quarter of 2023. In the fourth quarter of 2023, despite the restrictive impact of inventories and external demand, gross domestic product (GDP) demonstrated growth primarily driven by domestic demand. Calendar-adjusted and seasonally-adjusted data shows that the GDP saw a quarter-on-quarter growth of %1,0, with an annualized GDP growth rate of %4,0. These results indicate that growth in 2023 was %4,5. Standing at USD 905,8 billion in 2022, the GDP surged to USD 1.118,6 billion in 2023.

For Türkiye, preliminary data for the first quarter of 2024 suggest that economic activity remains resilient. Industrial production increased by %0,3 month-on-month in January and %3,2 month-on-month in February. Retail sales rose by %2,7 on a monthly basis in January and by %3,5 in February. In the labor market, seasonally-adjusted data indicate that the unemployment rate decreased from %9,0 in January to %8,7 in February, while broadly-defined unemployment indicators also pointed out to a general decline. The purchasing managers' index (PMI) for the manufacturing industry rose to 50,2 in February from 49,2 in January, thus moving out of the contraction zone. Manufacturing PMI for March stood at 50,0. While the capacity utilization rate increased slightly in the last three months, sectoral confidence indices followed a fluctuating course. Other indicators such as loan volume and expenditure in the banking sector suggest a modest deceleration.

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 HIGHLIGHTS FROM THE INTERIM PERIOD (continued)
Economic Highlights from Q1 2024 (continued)

While exports continue to recover, imports and the foreign trade deficit shrink thanks to the decline in energy and gold. Despite the increase in travel revenues, the contraction on the transportation side limits improvement in the current account balance. In its preliminary data, the Ministry of Trade reports that exports increased by %3,6 in the first quarter compared to the same period in 2023, while imports fell by %12,6. Therefore, the foreign trade deficit decreased from USD 34,8 billion in the first quarter of 2023 to USD 20,5 billion in the first quarter of 2024. The 12-month total current account deficit went down from USD 45,4 billion in December 2023 to USD 37,5 billion in January 2024.

Wage hikes, the rise in some tax items and the deterioration in expectations pushed inflation up slightly in the first quarter. Annual inflation in the headline consumer price index (CPI) fell to %68,5 in March from %64,8 at end-2023. In the same period, annual inflation in the general domestic producer price index (D-PPI) increased from %44,2 to %51,5. Furthermore, volatile commodity prices and deteriorating expectations also feed upside risks to inflation. Having raised the policy interest rate from %42,50 to %45,00 in January, the CBRT kept interest rates unchanged in the February meeting, while it raised the policy rate by 500 basis points to %50,00 in March, contrary to general expectations. The CBRT also introduced additional macroprudential and liquidity measures to stabilize domestic demand. In early second quarter, the CBRT continued to simplify macroprudential policies to preserve the functionality of the market mechanism as well as macrofinancial stability. To that end, while reducing the securities maintenance ratio on liabilities subject to securities maintenance from %4 to %1, it decided to terminate the practice of securities maintenance based on loan growth.

Markets

Global markets remained generally positive in the first quarter of 2024. Although bond yields rose on uncertainty over the interest rate paths of major central banks, a significant portion of risk assets remained resilient as led by technology companies. The recent increase in geopolitical tensions and the pursuit of safe-haven investments contributed to a rise in gold prices. The US dollar remained strong against most currencies. However, equity benchmark indices rose in the first quarter as growth and profitability forecasts remained stout.
Domestic financial markets were volatile in the first quarter of the year. In the first quarter, Borsa İstanbul 100 and 30 indices registered gains of %22,4 and %23,1 respectively. In the same period, the banking sector saw a rise of %26,0. Bond yields rose in tandem with CBRT policy rates, with the 2-year benchmark bond's compound interest rate closing the first quarter at %45,4, up from %39,7 at end-2023. While the country CDS fluctuated, the Turkish lira experienced relatively limited depreciation in the first quarter and the USD/TL exchange rate stood at TL 32,4 as of mid-April.

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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 HIGHLIGHTS FROM THE INTERIM PERIOD (continued)

Banking Sector

In the first quarter of 2024, compared to the year start, total loans saw a nominal increase of %10,7 in TL terms and an %7,8 increase in FX-adjusted terms, based on the currency basket. According to BRSA's Weekly Bulletin, as of March 29, the sector's Turkish lira (TL) loans rose by %8,7, while foreign currency (FX) loans grew by an FX-adjusted %6.

In the first quarter of 2024, total corporate loans rose by %6,6, primarily propelled by the growth in TL corporate loans. The SME loans surged by %10,7 in FX-adjusted terms, while corporate loans excluding SME loans increased by %4,3. SME loans grew by %7,8 in state-owned banks and by %14 in private banks.

In the first quarter of 2024, NPLs in the sector increased by %3,2 in nominal terms, with the NPL ratio standing at %1,51 owing to the contribution of the increase in total loans and the impact of asset write-offs and portfolio sales. The 11-bps decline in NPLs in the first quarter of the year was driven by 5 bps of negative contribution from new NPL inflows, 12 bps of positive contribution from the growth of performing loans and 4 bps of positive contribution from the exchange rate effect. NPLs in the sector was elevated by %3,2 to reach TL 197,5 billion in the first quarter of 2024. This surge was mainly led by total retail loans originating from retail credit cards. In retail loans, NPLs rose from %1,65 to %1,77 due to the %20,5 increase in NPLs. Thanks to the contribution of performing loans, NPL ratio declined year-on-year from %1,51 to %1,36 in corporate loans excluding SME loans and from %1,78 to %1,56 in SME loans.

As of the first quarter of 2024, TL deposits in the sector shrinked by %2 in nominal terms, while FX deposits surged by %13,2. FX-adjusted FX deposits was elevated by %2,2 compared to year-end.

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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 ASSEMBLY RESOLUTIONS

The Bank's annual Ordinary General Assembly meeting was held at the Head Office on March 28, 2024.

During the 2023 Ordinary General Assembly meeting, a total number of 193.987.329.145,9 shares corresponding to a total capital of TL 1.939.873.291,459 was represented out of 280.000.000.000 shares corresponding to the Bank's total capital of TL 2.800.000.000. The total of 193.987.329.145,9 shares were comprised of 15.200 shares represented in person, corresponding to a capital of TL 152, plus 169.917.427.845,9 shares represented by proxy, corresponding to a capital of TL 1.699.174.278,459, plus 24.069.886.100 shares represented by depositor representatives, corresponding to a capital of TL 240.698.861. The attendance rate stood at %69.

During the meeting, the Shareholders deliberated on and adopted the following agenda items:

• The Chairman's Bureau was established pursuant to the Bank's Articles of Association. The Shareholders unanimously approved to authorize the Meeting Chairman to sign the minutes of the meeting.

• Motions on reading and negotiating on the Board's Annual Report as well as the Independent Auditor's Report regarding the Bank's accounts and transactions for 2023 were approved by majority of votes.

• It was approved by majority of votes that the balance sheet and profit/loss account of the Bank for 2023 be examined, negotiated, and approved.

• The release of the members of the Board of Directors was approved by majority of votes.

• Pursuant to the Dividend Distribution Policy, it was approved by majority vote to set aside %20 of the net income for 2023 as legal reserves, to allocate TL 997.000.000,00 to a special fund for the purchase of venture capital funds and to set aside the remaining amount as extraordinary reserves.

• Ms. Şerife Nuray Duran, Ms. İzlem Erdem and Ms. Banu Altun were elected by majority vote as Board Members to replace Mr. Bahattin Özarslantürk, Ms. Gamze Yalçın and Mr. Celal Caner Yıldız, who resigned from the Board.

• It was decided by majority of votes that the remuneration to be paid to Board Members be established.

• The selection of the Independent Audit Firm was approved by majority vote.

• Pursuant to the provisions of the Communiqué on Compliance with Interest-Free Banking Principles and Standards, the appointment of the members of the Advisory Committee was approved by majority vote.

• It was decided by majority of votes that the maximum limit for donations to be made in 2024 be set.

• The authorization of the Board Members for the transactions specified in Articles 395 and 396 of the Turkish Commercial Code was approved by majority vote.

In addition to the items submitted for approval, the items on which the General Assembly was informed are as follows:

• Bonus payments made to employees in 2023 and anticipated in 2024,

• Transactions specified in Article 1.3.6 of the CMB's Corporate Governance Communiqué No. II-17.1,

• Our Bank's activities and targets regarding climate risk management operations.

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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)

HIGHLIGHTS FROM THE BANK'S OPERATIONS IN THE INTERIM PERIOD

In March, TSKB issued the first Basel III-compliant additional tier 1 capital bond in international markets. The interest rate for the USD 300 million borrowing was set at %9,75. The issuance was almost three times oversubscribed by a wide range of investors from the US, Europe, Asia, the United Kingdom, the Middle East, and the United States. Our Bank further strengthened its capital by increasing its investor base and product diversity. Thus, in line with its focus on quality development, TSKB continues on its course towards its goals of transition to a low carbon economy, without leaving out vulnerable groups.

As part of TSKB's goal of opening 11 school libraries in 11 provinces by 2025, two separate libraries were opened this year in Nurdağı district of Gaziantep and Pazarcık district of Kahramanmaraş, following the school library opened in Gölbaşı district of Adıyaman last year. TSKB was awarded the Aydın İleri Award for Contribution to the Library and Reading Culture by the School Librarians Association in recognition of its social responsibility projects.

In light of the increasing diversification and deepening of sustainability and climate change issues across the Bank and the development of national and international legislative infrastructures, it was decided to switch to a centralized structure. To that end, the Climate Change and Sustainability Management department was launched in 2024 to further develop the Bank's entire capacity integrated into the Bank's functions.

In 2021, TSKB published the "Climate Risks Report", the first of its kind in the Turkish banking sector, which assessed the impacts of climate change from the perspective of the Task Force on Climate-related Financial Disclosures (TCFD). TSKB published the second edition of the report under the name "2023 TSKB Climate Report".

In addition to the foregoing, as Türkiye's first privately-owned development and investment bank operating with a focus on economic, social and cultural development for 74 years, TSKB published its new report on gender equality titled "The Fault Line Deep Down: Gender Inequality" on March 8, International Women's Day.

Highlights from the Bank's Corporate Governance Operations

The Bank's Sustainability Principles Compliance Framework, Corporate Governance Compliance Report and Information Forms were published on the Public Disclosure Platform (PDP). The reports concerned areavailable at https://www.kap.org.tr/en/Bildirim/1256086, https://www.kap.org.tr/en/Bildirim/1256085 and https://www.kap.org.tr/en/Bildirim/1256084 respectively.

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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)

FINANCIAL HIGHLIGHTS FROM THE INTERIM PERIOD

The summary for the Bank's main financial indicators as of March 31, 2024 is provided below:

Total assets surged by %76 year on year and by %12 compared to end-2023, reaching TL 202,7 billion.

As of end-March, the total loan portfolio stood at TL 146,2 billion, marking a %72 increase year-on-year and a %11 growth compared to end-2023. The loans to assets ratio stood at %72,7. The ratio of non-performing loans to total loans stood at %2,9 as of the end of March.

Shareholders' equity reached TL 23 billion, marking a %66 increase year on year and a %9 increase compared to end-2023. The capital adequacy ratio stood at %22,9 by the end of March 2024 compared to %26,2 as of 2023 year-end.

In the first quarter of 2024, net interest income expanded by %61 year on year to stand at TL 2.541,2 million, while the income from fees and commissions grew by %104 to reach TL 129,9 million. The Cost-to-Income ratio stood at %15,8 in the first quarter of 2024 compared to %9,4 as of 2023 year-end.

In the first quarter, net income rose by %38 year-on-year, reaching TL 1.957 million.

The return on equity was %41,2 in 2023 and stood at %34,7 in the first quarter of 2024.

The return on assets ratio stood at %4,8 at end-2023 and at %4,1 in the first quarter of 2024.

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

RISK MANAGEMENT

TSKB's Risk Management Policies and the codes of practice pertaining to such policies are comprised of written standards set by the Board of Directors and implemented by the Bank's senior management.

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

TSKB's Risk Management Department is actively involved in all processes regarding the management of risks and regularly reports to the Board of Directors, the Audit Committee, the senior management, and the relevant departments within the Bank. The roles, responsibilities and structure of the Department are set in the Regulation on Risk Management Department.

FURTHER INFORMATION

Developments making a significant impact on the Bank's operations during the period are explained above. For further information, the Integrated Annual Report for 2023 is available on the following website:

https://www.tskb.com.tr/uploads/file/tskb-efr-eng-short-version-final.pdf